



Medium Term Revenue and Expenditure Framework.

*Prepared in terms of the Local
Government: Municipal Finance
Management Act (56/2003): Municipal
Budget and Reporting Regulations,
Government Gazette 32141, 17 April
2009.*

**ANNUAL BUDGET
2012/2013**

**SWELLENDAM
MUNICIPALITY**

**“Shared
prosperity
through
co-operative
participation”**

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Glossary

Adjustments Budget – Prescribed in section 28 of the MFMA. The formal means by which a municipality may revise its annual budget during the year.

Allocations – Money received from Provincial or National Government or other municipalities.

AFS – Annual Financial Statements.

Budget – The financial plan of the Swellendam Municipality.

Budget Related Policy – Policy of a municipality affecting or affected by the budget, examples include tariff policy, rates policy and credit control and debt collection policy.

Capital Expenditure - Spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the Municipality's Statement of Financial Performance.

Cash Flow Statement – A statement showing when actual cash will be received and spent by the Municipality. Cash payments do not always coincide with budgeted expenditure timings. For example, when an invoice is received by the Municipality it is shown as expenditure in the month it is received, even though it may not be paid in the same period.

CFO – Chief Financial Officer of Swellendam Municipality

DORA – Division of Revenue Act. Annual legislation that shows the total allocations made by national to provincial and local government.

Equitable Share – A general grant paid to municipalities. It is predominantly targeted to help with free basic services.

Fruitless and wasteful expenditure – Expenditure that was made in vain and would have been avoided had reasonable care been exercised.

GFS – Government Finance Statistics. An internationally recognised classification system that facilitates like for like comparison between municipalities.

GRAP – Generally Recognised Accounting Practice. The new standard for municipal accounting and basis upon which AFS are prepared.

IDP – Integrated Development Plan. The main strategic planning document of the Municipality

KPI's – Key Performance Indicators. Measures of service output and/or outcome.

MBRR – Local Government: Municipal Finance Management Act (56/2003): Municipal budget and reporting regulations.

MFMA – The Municipal Finance Management Act – No. 53 of 2003. The principle piece of legislation relating to municipal financial management.

MTREF – Medium Term Revenue and Expenditure Framework. A medium term financial plan, usually 3 years, based on a fixed first year and indicative further two years budget allocations. Also includes details of the previous three years and current years' financial position.

NT – National Treasury

Net Assets – Net assets are the residual interest in the assets of the entity after deducting all its liabilities. This means the net assets of the municipality equates to the "net wealth" of the municipality, after all assets were sold/recovered and all liabilities paid. Transactions which do not meet the definition of Revenue or Expenses, such as increases in values of Property, Plant and Equipment where there is no inflow or outflow of resources are accounted for in Net Assets.

Operating Expenditure – Spending on the day to day expenses of the Municipality such as salaries and wages.

Rates – Local Government tax based on the assessed value of a property. To determine the rates payable, the assessed rateable value is multiplied by the rate in the rand.

R&M – Repairs and maintenance on property, plant and equipment.

SCM – Supply Chain Management.

SDBIP – Service Delivery and Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates.

Strategic Objectives – The main priorities of the Municipality as set out in the IDP. Budgeted spending must contribute towards the achievement of the strategic objectives.

Unauthorised expenditure – Generally, spending without, or in excess of, an approved budget.

Virement – A transfer of budget.

Virement Policy – The policy that sets out the rules for budget transfers.

Vote – One of the main segments into which a budget. In Swellendam Municipality this means at directorate level. The votes for Swellendam therefore are:

- Municipal Manager;
- Corporate Services;
- Financial Services;
- Engineers Services; and
- Community Services

Part 1 – Annual Budget

Section 1 – Mayor’s Report

In his Budget Speech to Parliament on 17 February 2010, the Minister of Finance said: “We cannot expect to do the same old things and expect different results”. In the past three years, the world economy has gone through its deepest recession in over 70 years. Signals are that the recovery is still fragile and many commentators caution that current positive economic trends may be short-lived and that the world economy may yet experience a second recessionary wave.

Management within local government has a significant role to play in strengthening the link between the citizen and government’s overall priorities and spending plans. The goal should be to enhance service delivery aimed at improving the quality of life for all people within the Swellendam Municipality. Budgeting is primarily about the choices that the municipality has to make between competing priorities and fiscal realities. The challenge is to do more with the available resources. We need to remain focused on the effective delivery of the core municipal services through the application of efficient and effective service delivery mechanisms.

The application of sound financial management principles for the compilation of the Municipal financial plan is essential and critical to ensure that Swellendam Municipality remains financially viable and that sustainable municipal services are provided economically and equitably to all communities.

And so on...

Section 2 - Council Resolutions

The resolution that will be tabled at Council for consideration with approval of the Annual Budget is:

The Council approved and adopted the following resolutions:

1. The Council of Swellendam Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
 - 1.1. The annual budget of the municipality for the financial year 2012/13 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Section 4 of the annual budget report Table A2;
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Section 4 of the annual budget report Table A3;
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Section 4 of the annual budget report Table A4; and
 - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Section 4 of the annual budget report Table A5.
 - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
 - 1.2.1. Budgeted Financial Position as contained in Section 4 of the annual budget report Table A6;
 - 1.2.2. Budgeted Cash Flows as contained in Section 4 of the annual budget report Table A7;
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Section 4 of the annual budget report Table A8;
 - 1.2.4. Asset management as contained in Section 4 of the annual budget report Table A9; and
 - 1.2.5. Basic service delivery measurement as contained in Section 4 of the annual budget report Table A10.
2. The Council of Swellendam, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2012 the tariffs for property rates; electricity-; water-; sanitation-; solid waste services and other services charges as set out in Annexure A.
3. To give proper effect to the Municipality's annual budget, the Council of Swellendam Municipality approves:
 - 3.1. That the Municipality be permitted to enter into long-term loans for the funding of the capital programmes in respect of the MTREF in terms of Section 46 of the Municipal Finance Management Act.
 - 3.2. That the Municipal Manager be authorised to sign all necessary agreements and documents to give effect to the above lending programme.

4. EPWP - VOTENOMMER

Section 3 - Executive Summary

The application of sound financial management principles for the compilation of the Municipality's financial plan it is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

National Treasury's MFMA Circular No. 58 was used to guide the compilation of the 2012/13 MTREF.

The following table is a consolidated overview of the proposed 2012/13 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview

Total operating revenue has grown by 18.11 per cent or R 26.472 million for the 2012/13 financial year when compared to the 2011/12 Forecast. For the two outer years, operational revenue will first decrease by 5.02 per cent and then increase by 7.91 per cent, equating to a total revenue growth of R 30.787 million over the MTREF when compared to the 2011/12 financial year forecast.

Total operating expenditure for the 2012/13 financial year has been appropriated at R 163.446 million and translates into a budgeted surplus of R 9.173 million. When compared to the 2011/12 Forecast, operational expenditure has grown by 36.88 per cent in the 2012/13 budget and by 13.11 and 8.34 per cent for each of the respective outer years of the MTREF. The budgeted operating deficit for the two outer years is R 20.907 million and R 23.341 million. These surpluses will be used to fund capital expenditure.

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions needs to be excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit. Therefore the following:

The forecasted operating surplus; excluding the these recognised transfers; of R 1.987 million changes to a deficit of R 17.190 million in the 2012/13 budget and worsen even further to R 33.522 million and R 36.675 million respectively in the two outer years.

The capital budget of R 102.748 million for 2012/13 is 43.59 per cent more when compared to the 2011/12 forecast. The capital programme for 2013/2014 is R 64,830 million and R 33.633 million in 2014/2015. A substantial portion of the capital budget will be funded from borrowing over MTREF with anticipated borrowings of R 147.749 million. Borrowing will contribute 73.2,

80.5 and 60.3 per cent of capital expenditure in each of the MTREF years. It must be noted that the Municipality has reached its prudential borrowing limits. There is very little scope to accommodate these borrowing levels over the medium-term. The repayment of capital and interest (debt services costs) has substantially increased as a result of the aggressive capital borrowing program for the infrastructure programme over the past few years.

3.1 Operating Revenue Framework

For Swellendam to improve the quality of services; provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of this municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The following table is a summary of the 2011/12 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

Description R thousand	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue By Source									
Property rates	15 815	15 443	17 195	19 744	19 744	19 002	22 152	23 326	24 607
Property rates - penalties & collection charges	—	—	—	—	—	—	—	—	—
Service charges - electricity revenue	23 713	28 551	37 120	45 636	45 636	35 348	55 256	61 334	68 081
Service charges - water revenue	7 920	7 232	7 023	7 866	7 866	9 555	11 072	11 659	12 277
Service charges - sanitation revenue	7 863	8 420	9 779	8 269	8 269	10 810	12 155	12 799	13 477
Service charges - refuse revenue	4 446	5 050	5 659	4 770	4 770	6 110	6 710	7 066	7 440
Service charges - other	669	44	14	799	799	11 910	12	13	13
Rental of facilities and equipment	1 054	777	972	640	640	784	757	797	836
Interest earned - external investments	2 320	1 220	1 942	1 800	1 800	530	1 550	1 632	1 712
Interest earned - outstanding debtors	1 777	2 018	1 335	1 761	1 761	1 320	1 650	1 737	1 823
Dividends received	—	—	—	—	—	—	—	—	—
Fines	3 540	1 853	1 523	1 714	1 714	1 263	1 492	1 571	1 648
Licences and permits	1 014	983	966	1 121	1 121	699	670	705	740
Agency services	714	1 308	1 159	1 300	1 300	1 163	1 133	1 193	1 252
Transfers recognised - operational	12 916	16 527	19 184	19 701	19 701	24 914	31 059	26 632	28 770
Other revenue	4 723	1 654	1 487	4 857	4 857	1 052	1 446	1 522	1 597
Gains on disposal of PPE	55	—	184	—	—	—	—	—	—
Total Revenue (excluding capital transfers and contributions)	88 539	91 079	105 541	119 977	119 977	124 459	147 114	151 987	164 273

Table 3 Percentage growth in revenue by main revenue source

Description R thousand	2012/13 Medium Term Revenue & Expenditure Framework				
	Budget Year 2012/13		Budget Year +1 2013/14		Budget Year +2 2014/15
Revenue By Source					
Property rates	22 152	12%	23 326	6%	24 607
Property rates - penalties & collection charges	–		–		–
Service charges - electricity revenue	55 256	17%	61 334	13%	68 081
Service charges - water revenue	11 072	40%	11 659	6%	12 277
Service charges - sanitation revenue	12 155	47%	12 799	6%	13 477
Service charges - refuse revenue	6 710	41%	7 066	6%	7 440
Service charges - other	12		13	0%	13
Rental of facilities and equipment	757	18%	797	5%	836
Interest earned - external investments	1 550	-14%	1 632	15%	1 712
Interest earned - outstanding debtors	1 650	-6%	1 737	7%	1 823
Dividends received	–		–		–
Fines	1 492	-13%	1 571	6%	1 648
Licences and permits	670	-40%	705	5%	740
Agency services	1 133	-13%	1 193	5%	1 252
Transfers recognised - operational	31 059	58%	26 632	-18%	28 770
Other revenue	1 446	-22%	1 522	7%	1 597
Gains on disposal of PPE	–		–		–
Total Revenue (excluding capital transfers and contributions)	147 114		151 987		164 273

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise more than two thirds of the total revenue mix. In the 2011/2012 forecast for the year, revenue from rates and services charges totalled R 89.584 million or 73.85 per cent. This increases to R106.872 million, R115.690 million and R125.366 million in the respective financial years of the MTREF. A notable trend is the increase in the total percentage revenue generated from rates and services charges which increases from 73.85 per cent in forecast for 2011/2012 to 76.63 per cent in 2014/15. This growth can be attributed to the increased share that the sale of electricity contributes to the total revenue mix, which in turn is due to rapid increases in the Eskom tariffs for bulk electricity and the initial decrease in grants and transfers recognised. The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality.

Operating grants and transfers totals a forecast amount of R 24.914 million in the 2011/12 financial year; this amount increases in 2012/2013 to R 30.816 million; thereafter decrease. The outer years amounts are R 26.632 million and R 28.770 million. The aforementioned amounts has a direct link to expenditure on operational grants and is only recognised as revenue when the conditions of the transfers made has been met. It might differ from the grants received.

The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 4 Operating Transfers and Grant Receipts

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of Eskom bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity tariffs are largely outside the control of the Municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions

The proposed tariff increases is set at:

- Property rates - 7 %
- Electricity - 10.5 %
- Water - 6 %
- Refuse Removal - 6 %
- Sewerage - 8%

Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on income range middle and affordable household, as well as an indigent household receiving free basic services.

Table 5 – Household bills

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13 % incr.	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Rand/cent										
Monthly Account for Household - 'Middle Income Range'										
Rates and services charges:										
Property rates			323.09	345.70	345.70	345.70		369.90	395.80	423.51
Electricity: Basic levy									–	–
Electricity: Consumption			1 052.52	1 236.20	1 236.20	1 236.20		1 358.26	1 494.09	1 643.49
Water: Basic levy			28.45	30.44	30.44	30.44		32.27	33.98	35.78
Water: Consumption			167.10	178.77	178.77	178.77		189.50	199.54	210.12
Sanitation			136.00	145.52	145.52	145.52		157.16	165.49	174.26
Refuse removal			70.10	75.00	75.00	75.00		79.50	83.71	88.15
Other										
sub-total	–	–	1 777.26	2 011.63	2 011.63	2 011.63	8.7%	2 186.59	2 372.61	2 575.31
VAT on Services			203.58	233.23	233.23	233.23	–	254.34	276.75	36.96
Total large household bill:	–	–	1 980.84	2 244.86	2 244.86	2 244.86	8.7%	2 440.93	2 649.36	2 612.27
% increase/-decrease		–	–	13.3%	–	–		8.7%	8.5%	(1.4%)
Monthly Account for Household - 'Affordable Range'										
Rates and services charges:										
Property rates			228.76	244.76	244.76	244.76		261.90	280.24	299.86
Electricity: Basic levy									–	–
Electricity: Consumption			515.52	580.20	580.20	580.20		636.66	–	–
Water: Basic levy			28.45	30.44	30.44	30.44		31.96	35.00	37.00
Water: Consumption			129.85	138.92	138.92	138.92		145.87	–	–
Sanitation			136.00	145.52	145.52	145.52		152.80	168.00	177.00
Refuse removal			70.10	75.00	75.00	75.00		78.75	–	–
Other										
sub-total	–	–	1 108.68	1 214.84	1 214.84	1 214.84	7.7%	1 307.94	483.24	513.86
VAT on Services			123.19	135.81	135.81	135.81	–	146.45	28.42	29.96
Total small household bill:	–	–	1 231.87	1 350.65	1 350.65	1 350.65	7.7%	1 454.39	511.66	543.82
% increase/-decrease		–	–	9.6%	–	–		7.7%	(64.8%)	6.3%
Monthly Account for Household - 'Indigent'										
Household receiving free basic services										
Rates and services charges:										
Property rates			122.63	131.21	131.21	131.21		140.40	–	–
Electricity: Basic levy										
Electricity: Consumption			204.00	216.00	216.00	216.00		246.00	–	–
Water: Basic levy			–	–	–	–				
Water: Consumption			92.60	99.07	99.07	99.07		104.02		
Sanitation			–	–	–	–				
Refuse removal			–	–	–	–				
Other										
sub-total	–	–	419.23	446.28	446.28	446.28	9.9%	490.42	–	–
VAT on Services			41.52	44.11	44.11	44.11		49.00	–	–
Total small household bill:	–	–	460.75	490.39	490.39	490.39	10.0%	539.42	–	–
% increase/-decrease		–	–	6.4%	–	–		10.0%	(100.0%)	–

Income forgone (Free Basic Services and other rebates)

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these rebates and free services the households are required to register in terms of the Municipality's Indigent Policy. At this point the setup of the costing system does not provide a system generated split of the types of rebates granted.

The total cost of the social package is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act. The cost of this package for the 2012/2013 amounts to R 10.513 million and represents 9.83 per cent of property rates and service charges recognised as revenue.

3.2 Operating Expenditure Framework

The following table is a high level summary of the 2012/2013 budget and MTREF (classified per main type of operating expenditure):

Table 6 - Summary of operating expenditure by standard classification item

Description R thousand	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Expenditure By Type									
Employee related costs	30 005	34 836	36 548	43 256	43 256	41 845	57 713	61 595	65 740
Remuneration of councillors	2 332	2 468	2 474	2 810	2 810	2 696	3 060	3 213	3 374
Debt impairment	11 907	8 653	6 836	–	–	7 105	6 290	7 149	6 734
Depreciation & asset impairment	7 725	9 507	9 360	10 543	10 543	10 839	13 270	17 098	18 660
Finance charges	2 789	2 467	4 656	8 043	8 043	4 718	7 887	8 480	9 999
Bulk purchases	13 670	16 673	22 787	25 805	25 805	26 322	32 915	38 181	44 290
Other materials	–	1 141	971	–	–	1 048	1 025	1 079	1 132
Contracted services	–	–	–	–	–	–	–	–	–
Transfers and grants	–	300	1 250	1 250	1 250	1 467	1 330	1 400	1 469
Other expenditure	27 604	22 877	33 156	37 413	37 413	20 771	35 824	33 369	35 153
Loss on disposal of PPE	–	–	–	–	–	–	–	–	–
Total Expenditure	96 031	98 922	118 037	129 119	129 119	116 811	159 316	171 565	186 551

The budgeted allocation for employee related costs for the 2011/12 financial year totals R 43.256 million, which equals 33.5 per cent of the total operating expenditure. This percentage increases to 34.18 per cent on the budget for 2012/2013 and thereafter in the outer years the trend is to move towards the 30 per cent mark. Based on the guidelines provided by National treasury, salary increases have been factored into this budget at a percentage increase of 5 per cent for the 2012/13 financial year. An annual increase of 5 per cent has been included in the two outer years of the MTREF.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget plus an increase of 5 per cent.

The provision of debt impairment was determined based on an annual collection rate of 95 per cent. The original budget does not allow for any debt impairment charges in the forecast it is estimated that it will equate to R 7.105 million. For the 2012/13 financial year this amount is R6.263 million and escalates to R 7.056 million and then decreases to R 6.642 million due to an improved collection rate. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the asset register and proposed capital budget. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R19.820 million for the 2012/13 financial and equates to 12.13 per cent of the total operating expenditure.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 4.83 per cent (R7.887 million) of operating expenditure excluding annual redemption for 2012/13 and increases to R16.421 million by 2013/14. This is directly linked to the proposed capital budget that is unaffordable. As previously noted, the

Municipality has reached its prudential limits for borrowing. As a matter of fact with the new borrowing of R 40 million plus this year the capital budget is not affordable at all.

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses. Bulk purchases make up 20.14 per cent (R32.915 million) of operating expenditure for the 2012/2013 financial year.

Other expenditure comprises of various line items relating to the daily operations of the municipality; as example the operational expenditure on grants and subsidies, repairs and maintenance and other services. Growth on line items other than those linked to grant expenditure has been limited. This type of expenditure represents 22.23 per cent of the operational expenditure and is curbed at 19.26 and 18.73 per cent for the two outer years. Further details relating to other expenditure can be seen in Table SA1.

The following table gives a breakdown of the main expenditure categories for the 2012/13 financial year.

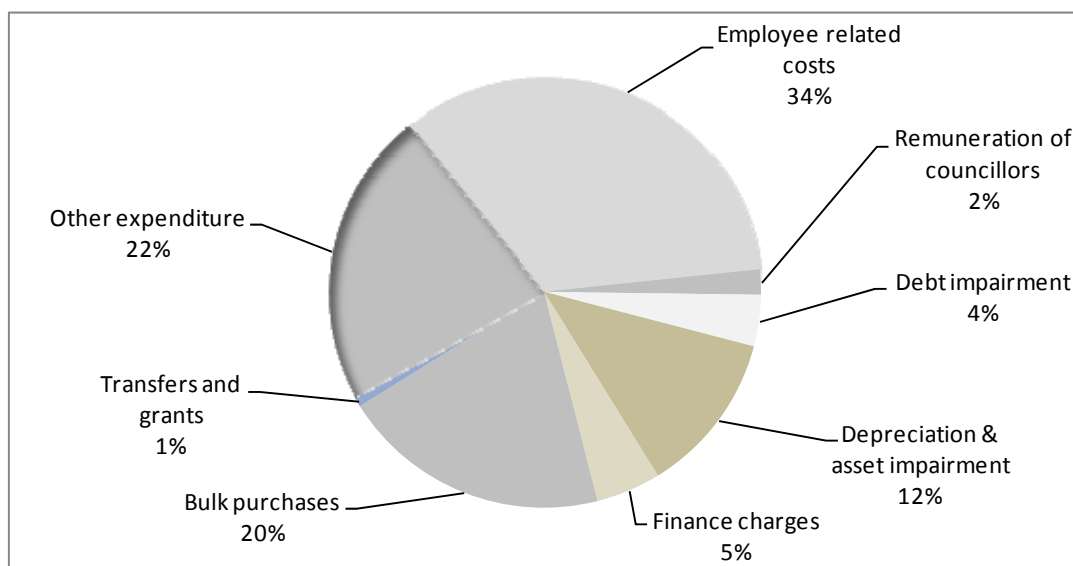


Figure 1 Main operational expenditure categories for the 2012/13 financial year

Repairs and maintenance

In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. At current the Municipality cannot report on the outcome of the different cost drivers combined to Repairs and maintenance. The table below provides a breakdown of the repairs and maintenance in relation to asset class and reflects only purchase of materials and some contracted services.

:

Table 7 - Repairs and maintenance per asset class

Description	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Repairs and Maintenance by Asset Class								
<i>Infrastructure - Road transport</i>	3 479	3 887	2 043	2 043	1 938	2 422	2 550	2 675
<i>Infrastructure - Electricity</i>	1 347	1 520	1 387	1 387	874	1 280	1 348	1 414
<i>Infrastructure - Water</i>	585	533	–	–	620	530	558	585
<i>Infrastructure - Sanitation</i>	456	539	–	–	552	480	505	530
<i>Infrastructure - Other</i>	53	30	–	–	27	31	33	34
Infrastructure	5 920	6 510	3 430	3 430	4 010	4 742	4 994	5 238
Community	893	1 098	205	205	951	1 488	1 567	1 644
Heritage assets	–	–	–	–	–	–	–	–
Investment properties	–	–	–	–	–	–	–	–
Other assets	5 609	7 256	11 014	11 014	5 132	6 933	6 248	6 554
	12 422	14 864	14 649	14 649	10 094	13 164	12 809	13 436

For the 2012/13 financial year, 35.2 per cent or R 4.792 million of total repairs and maintenance will be spent on infrastructure assets. Road infrastructure has received a significant proportion of this allocation totalling 50.54 per cent (R 2.422 million), followed by electricity infrastructure at 26.7 per cent (R 1.280 million). Community assets have been allocated R1.488 million of total repairs and maintenance equating to 10.9 per cent.

3.3 Capital expenditure

The table below provides a breakdown of budgeted capital expenditure by vote.

Table 8 - Capital budget per vote

Vote Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Capital expenditure - Vote									
Vote 1 - MUNICIPAL MANAGER	366	474	552	920	920	920	–	–	–
Vote 2 - CORPORATE SERVICES	1 456	1 889	2 197	3 664	3 664	450	3 350	7 400	1 000
Vote 3 - FINANCE SERVICE	238	309	360	600	600	600	550	–	–
Vote 4 - ENGINEERS SERVICE	20 913	27 136	31 553	52 625	52 625	25 921	50 350	53 389	24 078
Vote 5 - COMMUNITY SERVICES	2 985	3 873	4 503	7 511	7 511	6 232	4 470	10 602	6 140
TOTAL	25 958	33 682	39 165	65 319	65 319	34 123	58 720	71 391	31 218

The table below provides a breakdown of budgeted capital expenditure per asset class.

Table 9 - Capital budget per asset class

Vote Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Capital expenditure by Asset Class									
<i>Infrastructure - Road transport</i>	8 796	6 141	16 106	9 910	9 910	15 343	14 203	10 235	4 880
<i>Infrastructure - Electricity</i>	13 454	10 533	1 477	7 185	7 185	1 213	5 170	4 580	8 850
<i>Infrastructure - Water</i>	–	1 674	–	24 741	24 741	8 555	27 537	30 874	7 502
<i>Infrastructure - Sanitation</i>	–	8 379	6 618	6 265	6 265	–	1 880	4 250	1 246
<i>Infrastructure - Other</i>	–	1 579	10 202	410	410	–	500	500	500
Infrastructure	22 250	28 305	34 402	48 510	48 510	25 111	49 290	50 439	22 978
Community	191	1 205	11	7 227	7 227	6 495	3 380	7 326	5 640
Heritage assets	–	–	–	–	–	–	–	–	–
Investment properties	–	–	–	–	–	–	–	–	–
Other assets	3 517	4 171	4 752	9 582	9 582	2 517	6 050	13 626	2 600
TOTAL	25 958	33 682	39 165	65 319	65 319	34 123	58 720	71 391	31 218

For 2012/13 an amount of R 86.749 million has been appropriated for the development of infrastructure which represents 84.4 per cent of the total capital budget. In the outer years this amount totals R 51.499 million, 79.4 per cent and R 21.457 million, 63.7 per cent respectively

for each of the financial years. Water infrastructure receives the highest allocation of R 33.816 million in 2012/13 which equates to 31.3 per cent.

New assets represent 63.9 per cent or R 68.370 million of the total capital budget whilst renewal assets equates to 32.1 per cent or R 34.378 million.

Further detail relating to asset classes and proposed capital expenditure is contained in Table A9 (Asset Management) whilst Tables SA34a, SA34b, SA34c, SA34d provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal, operational repairs and maintenance and depreciation charges by asset class.

The table below provides a breakdown of budgeted capital expenditure by funding source.

Vote Description	Prior year's		Current Year			MTREF		
R thousand	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year	Budget Year +1	Budget Year +2
<u>Funded by:</u>								
National Government	13 720	34 703	12 538	12 538	18 776	22 725	21 699	10 744
Provincial Government	–	–	6 062	6 062	6 062	2 795	1 466	1 540
District Municipality	–	–	–	–	–	–	–	–
Other transfers and grants	–	–	–	–	–	–	–	–
Transfers recognised - capital	13 720	34 703	18 600	18 600	24 838	25 520	23 165	12 284
Public contributions & donations	–	–	–	–	–	–	–	–
Borrowing	–	4 462	44 937	44 937	7 503	32 550	41 776	18 884
Internally generated funds	19 961	0	1 782	1 782	1 782	650	6 450	50
Total Capital Funding	33 682	39 165	65 319	65 319	34 123	58 720	71 391	31 218

The concern as already mentioned is the sustainability of the new borrowings.

A complete list of all the projects is contained in Table SA36.

Section 4 - Annual Budget Tables

Section 4 presents the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2012/13 budget and MTREF as tabled to Council. Each table is accompanied by *explanatory notes* on the facing page.

Table A1 - Budget Summary

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousands									
Financial Performance									
Property rates	15 815	15 443	17 195	19 744	19 744	19 002	22 152	23 326	24 607
Service charges	44 612	49 296	59 594	67 340	67 340	73 732	85 205	92 871	101 289
Investment revenue	2 320	1 220	1 942	1 800	1 800	530	1 550	1 632	1 712
Transfers recognised - operational	12 916	16 527	19 184	19 701	19 701	24 914	31 059	26 632	28 770
Other own revenue	12 877	8 592	7 627	11 393	11 393	6 281	7 148	7 527	7 895
Total Revenue (excluding capital transfers and contributions)	88 539	91 079	105 541	119 977	119 977	124 459	147 114	151 987	164 273
Employee costs	30 005	34 836	36 548	43 256	43 256	41 845	57 713	61 595	65 740
Remuneration of councillors	2 332	2 468	2 474	2 810	2 810	2 696	3 060	3 213	3 374
Depreciation & asset impairment	7 725	9 507	9 360	10 543	10 543	10 839	13 270	17 098	18 660
Finance charges	2 789	2 467	4 656	8 043	8 043	4 718	7 887	8 480	9 999
Materials and bulk purchases	13 670	17 814	23 758	25 805	25 805	27 370	33 940	39 261	45 423
Transfers and grants	-	300	1 250	1 250	1 250	1 467	1 330	1 400	1 469
Other expenditure	39 511	31 531	39 992	37 413	37 413	27 876	42 115	40 519	41 887
Total Expenditure	96 031	98 922	118 037	129 119	129 119	116 811	159 316	171 565	186 551
Surplus/(Deficit)	(7 492)	(7 843)	(12 495)	(9 142)	(9 142)	7 648	(12 202)	(19 578)	(22 278)
Transfers recognised - capital	14 032	13 011	36 627	20 964	20 964	24 838	24 520	24 215	13 334
Contributions recognised - capital & contributed a	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	6 540	5 168	24 131	11 822	11 822	32 486	12 318	4 637	(8 944)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	6 540	5 168	24 131	11 822	11 822	32 486	12 318	4 637	(8 944)
Capital expenditure & funds sources									
Capital expenditure	25 958	33 682	39 165	65 319	65 319	34 123	58 720	71 391	31 218
Transfers recognised - capital	13 729	13 720	34 703	18 600	18 600	24 838	25 520	23 165	12 284
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	2 011	-	4 462	44 937	44 937	7 503	32 550	41 776	18 884
Internally generated funds	10 217	19 961	0	1 782	1 782	1 782	650	6 450	50
Total sources of capital funds	25 958	33 682	39 165	65 319	65 319	34 123	58 720	71 391	31 218
Financial position									
Total current assets	37 271	51 667	36 034	16 815	16 815	41 896	38 582	29 118	24 195
Total non current assets	93 531	117 281	147 017	225 094	225 094	170 300	215 750	270 044	282 602
Total current liabilities	26 445	61 413	29 300	34 091	34 091	20 699	19 738	20 660	21 826
Total non current liabilities	24 294	23 678	45 803	62 127	62 127	51 063	81 843	121 113	136 527
Community wealth/Equity	80 064	83 856	107 947	145 691	145 691	140 433	152 751	157 389	148 444
Cash flows									
Net cash from (used) operating	26 438	52 818	(4 529)	21 290	21 290	34 255	24 714	22 962	11 053
Net cash from (used) investing	(25 840)	(33 614)	(38 917)	(65 319)	(65 319)	(34 123)	(58 720)	(71 391)	(31 218)
Net cash from (used) financing	218	(1 700)	21 179	14 430	14 430	5 671	30 631	38 899	15 172
Cash/cash equivalents at the year end	20 375	37 879	15 611	(5 561)	(5 561)	21 415	18 039	8 509	3 517
Cash backing/surplus reconciliation									
Cash and investments available	19 176	37 879	15 611	(5 561)	(5 561)	21 415	18 039	8 509	3 517
Application of cash and investments	17 770	57 384	21 214	16 435	16 435	11 839	10 690	21 443	19 742
Balance - surplus (shortfall)	1 406	(19 506)	(5 603)	(21 997)	(21 997)	9 576	7 349	(12 934)	(16 226)
Asset management									
Asset register summary (WDV)	92 825	116 636	146 441	201 321	201 321	169 725	215 174	269 468	282 026
Depreciation & asset impairment	7 725	9 507	9 360	10 543	10 543	10 839	13 270	17 098	18 660
Renewal of Existing Assets	-	-	-	9 904	9 904	13 749	15 053	9 870	7 100
Repairs and Maintenance	11 153	12 422	14 864	14 649	14 649	10 094	13 164	12 809	13 436
Free services									
Cost of Free Basic Services provided	-	-	-	6	-	-	6	6	6
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-
Households below minimum service level									
Water:	-	-	-	-	-	-	-	-	-
Sanitation/sew erage:	-	-	-	-	0	0	-	-	-
Energy:	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	5	-	-	5	5	5

Explanatory notes to Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget.
The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is suppose to be positive over the MTREF; **this is not the case.**
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds are suppose to be financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years; **this is not the case.** The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The municipality's cash flow should remain positive; **this is not the case.** The cash flow is **worsening and is indicating that there is not the necessary cash resources** are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations was not cash-backed. This practice is improving for 2012/2013 but deteriorate tremendous in the outer years.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase..

Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description R thousand	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue - Standard									
<i>Governance and administration</i>	26 962	27 523	31 186	45 755	45 755	40 058	47 063	50 125	53 544
Executive and council	17 433	19 699	23 668	36 611	36 611	35 666	41 063	43 814	46 780
Budget and treasury office	8 072	7 302	7 032	8 067	8 067	4 008	5 531	5 815	6 245
Corporate services	1 457	522	486	1 077	1 077	384	470	485	519
<i>Community and public safety</i>	1 405	1 419	1 536	785	785	12 193	11 000	5 751	6 038
Community and social services	509	1 387	1 534	493	493	12 192	11 000	5 750	6 038
Sport and recreation	655	3	3	290	290	0	1	1	1
Public safety	241	30	0	2	2	0	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	11 959	8 666	33 846	25 124	25 124	23 360	27 973	27 359	16 634
Planning and development	853	221	153	20 506	20 506	126	85	90	94
Road transport	11 106	8 445	33 693	4 618	4 618	23 234	27 888	27 270	16 540
Environmental protection	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	62 234	66 482	75 599	69 277	69 277	73 686	85 597	92 968	101 390
Electricity	26 559	31 177	41 079	48 018	48 018	47 112	55 233	61 310	68 055
Water	14 374	13 680	12 139	8 041	8 041	9 642	11 365	11 673	12 292
Waste water management	16 590	16 575	16 723	8 448	8 448	10 823	12 269	12 919	13 603
Waste management	4 710	5 050	5 659	4 770	4 770	6 110	6 710	7 066	7 440
<i>Other</i>	12	-	-	-	-	-	-	-	-
Total Revenue - Standard	102 572	104 091	142 168	140 941	140 941	149 297	171 634	176 202	177 607
Expenditure - Standard									
<i>Governance and administration</i>	27 994	29 693	33 493	38 929	38 929	35 290	43 515	48 340	52 087
Executive and council	9 590	8 395	9 924	17 136	17 136	14 845	20 196	21 505	23 766
Budget and treasury office	10 694	16 096	20 021	13 113	13 113	16 877	16 628	18 457	19 516
Corporate services	7 710	5 202	3 547	8 681	8 681	3 568	6 691	8 378	8 805
<i>Community and public safety</i>	8 216	7 485	13 297	11 652	11 652	13 036	21 522	21 297	22 802
Community and social services	2 448	6 316	11 919	4 211	4 211	12 028	19 794	19 368	20 552
Sport and recreation	4 815	220	160	6 165	6 165	168	203	217	325
Public safety	947	948	1 218	1 276	1 276	839	1 525	1 712	1 925
Housing	-	-	-	-	-	-	-	-	-
Health	6	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	15 545	18 782	21 408	21 960	21 960	18 188	25 913	25 377	26 918
Planning and development	7 689	792	846	9 228	9 228	884	1 601	1 704	1 814
Road transport	7 856	17 989	20 562	12 731	12 731	17 305	24 312	23 673	25 104
Environmental protection	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	43 433	42 250	48 731	55 621	55 621	49 028	67 365	75 497	83 640
Electricity	23 396	24 367	31 808	34 883	34 883	33 242	41 642	47 570	54 282
Water	8 616	7 488	7 521	8 770	8 770	6 962	9 382	9 868	10 389
Waste water management	6 993	6 441	5 345	7 608	7 608	5 170	11 049	12 318	12 945
Waste management	4 429	3 954	4 057	4 360	4 360	3 654	5 292	5 741	6 024
<i>Other</i>	843	712	1 108	958	958	1 269	1 000	1 053	1 105
Total Expenditure - Standard	96 031	98 922	118 037	129 119	129 119	116 811	159 316	171 565	186 551
Surplus/(Deficit) for the year	6 540	5 168	24 131	11 822	11 822	32 486	12 318	4 637	(8 944)

Explanatory notes to Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity, Water and Waste management functions, but not the Waste water management function.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Executive and Council.

Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue by Vote									
Vote 1 - MUNICIPAL MANAGER	323	232	152	371	371	151	165	174	182
Vote 2 - CORPORATE SERVICES	18 464	20 346	24 304	37 658	37 658	36 172	41 618	44 399	47 393
Vote 3 - FINANCE SERVICE	8 158	7 302	7 032	8 165	8 165	4 008	5 531	5 815	6 245
Vote 4 - ENGINEERS SERVICE	63 895	65 473	99 662	84 663	84 663	87 393	103 193	109 400	106 535
Vote 5 - COMMUNITY SERVICES	11 732	10 738	11 018	10 084	10 084	21 573	21 127	16 414	17 252
Total Revenue by Vote	102 572	104 091	142 168	140 941	140 941	149 297	171 634	176 202	177 607
Expenditure by Vote to be appropriated									
Vote 1 - MUNICIPAL MANAGER	2 854	3 029	3 819	5 910	5 910	5 165	7 170	7 603	8 052
Vote 2 - CORPORATE SERVICES	12 175	10 994	11 513	18 364	18 364	15 185	21 999	24 703	27 092
Vote 3 - FINANCE SERVICE	10 939	16 096	20 021	13 504	13 504	16 877	16 628	18 457	19 516
Vote 4 - ENGINEERS SERVICE	52 812	53 808	62 412	67 782	67 782	59 218	83 143	90 052	99 229
Vote 5 - COMMUNITY SERVICES	17 252	14 994	20 272	23 559	23 559	20 366	30 376	30 748	32 662
Total Expenditure by Vote	96 031	98 922	118 037	129 119	129 119	116 811	159 316	171 565	186 551
Surplus/(Deficit) for the year	6 540	5 168	24 131	11 822	11 822	32 486	12 318	4 637	(8 944)

Explanatory notes to Table A3 - Budgeted Financial Performance (revenue and expenditure by vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.
2. It is the level that the Council will approve the budget in terms of Sect 24(2)(c)(iii).

Table A4 - Budgeted Financial Performance (revenue and expenditure)

Description R thousand	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue By Source									
Property rates	15 815	15 443	17 195	19 744	19 744	19 002	22 152	23 326	24 607
Property rates - penalties & collection charges	–	–	–	–	–	–	–	–	–
Service charges - electricity revenue	23 713	28 551	37 120	45 636	45 636	46 348	55 256	61 334	68 081
Service charges - water revenue	7 920	7 232	7 023	7 866	7 866	9 555	11 072	11 669	12 277
Service charges - sanitation revenue	7 863	8 420	9 779	8 269	8 269	10 810	12 155	12 799	13 477
Service charges - refuse revenue	4 446	5 050	5 659	4 770	4 770	6 110	6 710	7 066	7 440
Service charges - other	669	44	14	799	799	910	12	13	13
Rental of facilities and equipment	1 054	777	972	640	640	784	757	797	836
Interest earned - external investments	2 320	1 220	1 942	1 800	1 800	530	1 550	1 632	1 712
Interest earned - outstanding debtors	1 777	2 018	1 335	1 761	1 761	1 320	1 650	1 737	1 823
Dividends received	–	–	–	–	–	–	–	–	–
Fines	3 540	1 853	1 523	1 714	1 714	1 263	1 492	1 571	1 648
Licences and permits	1 014	983	966	1 121	1 121	699	670	705	740
Agency services	714	1 308	1 159	1 300	1 300	1 163	1 133	1 193	1 252
Transfers recognised - operational	12 916	16 527	19 184	19 701	19 701	24 914	31 059	26 632	28 770
Other revenue	4 723	1 654	1 487	4 857	4 857	1 052	1 446	1 522	1 597
Gains on disposal of PPE	55	–	184	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)	88 539	91 079	105 541	119 977	119 977	124 459	147 114	151 987	164 273
Expenditure By Type									
Employee related costs	30 005	34 836	36 548	43 256	43 256	41 845	57 713	61 595	65 740
Remuneration of councillors	2 332	2 468	2 474	2 810	2 810	2 686	3 060	3 213	3 374
Debt impairment	11 907	8 653	6 836	–	–	7 105	6 290	7 149	6 734
Depreciation & asset impairment	7 725	9 507	9 360	10 543	10 543	10 839	13 270	17 098	18 660
Finance charges	2 789	2 467	4 656	8 043	8 043	4 718	7 887	8 480	9 999
Bulk purchases	13 670	16 673	22 787	25 805	25 805	26 322	32 915	38 181	44 290
Other materials	–	1 141	971	–	–	1 048	1 025	1 079	1 132
Contracted services	–	–	–	–	–	–	–	–	–
Transfers and grants	–	300	1 250	1 250	1 250	1 467	1 330	1 400	1 469
Other expenditure	27 604	22 877	33 156	37 413	37 413	20 771	35 824	33 369	35 153
Loss on disposal of PPE	–	–	–	–	–	–	–	–	–
Total Expenditure	96 031	98 922	118 037	129 119	129 119	116 811	159 316	171 565	186 551
Surplus/(Deficit)	(7 492)	(7 843)	(12 495)	(9 142)	(9 142)	7 648	(12 202)	(19 578)	(22 278)
Transfers recognised - capital	14 032	13 011	36 627	20 964	20 964	24 838	24 520	24 215	13 334
Contributions recognised - capital	–	–	–	–	–	–	–	–	–
Contributed assets	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	6 540	5 168	24 131	11 822	11 822	32 486	12 318	4 637	(8 944)
Taxation	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after taxation	6 540	5 168	24 131	11 822	11 822	32 486	12 318	4 637	(8 944)
Attributable to minorities	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality	6 540	5 168	24 131	11 822	11 822	32 486	12 318	4 637	(8 944)
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	6 540	5 168	24 131	11 822	11 822	32 486	12 318	4 637	(8 944)

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R 146.256 million in 2012/13 and escalates to R163.600 million by 2014/15. This represents a year-on-year increase of 3.5 per cent for the 2013/14 financial year and 8.1 per cent for the 2014/15 financial year.
2. Revenue to be generated from property rates is R 22.152 million in the 2012/13 financial year and increases to R24.607 million by 2014/15 which represents 15.04 per cent of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at 7 per cent, 5.3 per cent for each of the respective financial years of the MTREF.
3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R 84.720 million for the 2012/13 financial year and increasing to R100.759 million by 2014/15. For the 2012/13 financial year services charges amount to 57.9 per cent of the total revenue base and grows by 3.7 per cent per annum over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of electricity and a initial decrease in transfers recognised.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that the transfers recognise fluctuates due to the nature of expenses on the provincial housing grant.
5. More detail regarding the employee related cost and the remuneration of Councillors is provided in Section 12 of this report.
6. More emphasis will be placed on the Debt impairment; depreciation charges and the Finance charges in Section 10 – Budget Funding this report.
7. Bulk purchases have significantly increased over the 2008/2009 to 2014/15 period escalating from R13.670 million to R 44.290 million. These increases can be directly attributed to the substantial increase in the cost of bulk electricity from Eskom.
8. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description R thousand	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Capital expenditure - Vote									
<i>Multi-year expenditure to be appropriated</i>									
Vote 1 - MUNICIPAL MANAGER	-	-	-	-	-	-	-	-	-
Vote 2 - CORPORATE SERVICES	-	-	-	-	-	-	-	-	-
Vote 3 - FINANCE SERVICE	-	-	-	-	-	-	-	-	-
Vote 4 - ENGINEERS SERVICE	-	-	-	-	-	-	-	-	-
Vote 5 - COMMUNITY SERVICES	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	-	-	-	-	-	-	-	-	-
<i>Single-year expenditure to be appropriated</i>									
Vote 1 - MUNICIPAL MANAGER	366	474	552	920	920	920	-	-	-
Vote 2 - CORPORATE SERVICES	1 456	1 889	2 197	3 664	3 664	450	3 350	7 400	1 000
Vote 3 - FINANCE SERVICE	238	309	360	600	600	600	550	-	-
Vote 4 - ENGINEERS SERVICE	20 913	27 136	31 553	52 625	52 625	25 921	50 350	53 389	24 078
Vote 5 - COMMUNITY SERVICES	2 985	3 873	4 503	7 511	7 511	6 232	4 470	10 602	6 140
Capital single-year expenditure sub-total	25 958	33 682	39 165	65 319	65 319	34 123	58 720	71 391	31 218
Total Capital Expenditure - Vote	25 958	33 682	39 165	65 319	65 319	34 123	58 720	71 391	31 218
Capital Expenditure - Standard									
<i>Governance and administration</i>	2 060	2 673	3 108	5 184	5 184	1 970	3 900	7 400	1 000
Executive and council	366	474	552	920	920	920	-	-	-
Budget and treasury office	238	309	360	600	600	600	550	-	-
Corporate services	1 456	1 889	2 197	3 664	3 664	450	3 350	7 400	1 000
<i>Community and public safety</i>	3 026	3 926	4 565	7 614	7 614	6 682	3 845	7 771	5 640
Community and social services	2 505	3 251	3 780	6 304	6 304	6 172	3 095	7 651	3 640
Sport and recreation	262	340	396	660	660	60	750	120	2 000
Public safety	258	335	390	650	650	450	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	3 924	5 092	5 920	9 874	9 874	14 641	14 003	10 531	4 200
Planning and development	-	-	-	-	-	-	-	-	-
Road transport	3 924	5 092	5 920	9 874	9 874	14 641	14 003	10 531	4 200
Environmental protection	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	16 948	21 991	25 571	42 648	42 648	10 830	36 972	45 689	20 378
Electricity	3 217	4 174	4 854	8 095	8 095	823	4 645	6 680	9 450
Water	3 239	4 203	4 887	8 151	8 151	3 525	1 272	1 750	3 974
Waste water management	10 279	13 338	15 509	25 866	25 866	6 482	30 430	34 609	6 454
Waste management	213	276	321	535	535	-	625	2 650	500
Other	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	25 958	33 682	39 165	65 319	65 319	34 123	58 720	71 391	31 218
Funded by:									
National Government	13 729	13 720	34 703	12 538	12 538	18 776	22 725	21 699	10 744
Provincial Government	-	-	-	6 062	6 062	6 062	2 795	1 466	1 540
District Municipality	-	-	-	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	13 729	13 720	34 703	18 600	18 600	24 838	25 520	23 165	12 284
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	2 011	-	4 462	44 937	44 937	7 503	32 550	41 776	18 884
Internally generated funds	10 217	19 961	0	1 782	1 782	1 782	650	6 450	50
Total Capital Funding	25 958	33 682	39 165	65 319	65 319	34 123	58 720	71 391	31 218

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital program in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. At present no reliable information is available to make the distinction therefore all capital is listed as single year appropriations.
3. Unlike multi-year capital appropriations which normally would result in work-in-progress at the end of a financial year, single-year appropriations relates to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the inputs of departments and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
4. The capital program is funded from new borrowings and government grants and transfers, and internally generated funds from current year surpluses. As mentioned previously the funding source of new Borrowings is suspect. For 2012/2013, capital transfers totals R26.364 million (25.6 per cent) and decrease in the 2013/2014 to R12.615 million. This is mainly to the once-off RBIG allocation of R 11.6 million in 2012/2013. The outer year the transfers escalate to R 13.333 million. Borrowing has not yet been secured; the budget however includes new borrowing for 2012/2013 at R 75.234 million that decreases to R 20.3 million in 2014/2015 and total with a amount of R 144.749 million for the MTREF. This is definitely unsustainable. Even the internally generated funding totaling R1.15 million for 2012/2013 is unsustainable with the new borrowings at the level as included in the proposed budget.

Table A6 - Budgeted Financial Position

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
ASSETS									
Current assets									
Cash	2	1 998	2 082	–	–	430	363	172	72
Call investment deposits	20 190	35 886	13 579	–	–	20 985	17 677	8 337	3 444
Consumer debtors	4 592	6 226	8 194	16 338	16 338	8 194	8 194	8 194	8 194
Other debtors	12 215	7 015	11 187	–	–	11 187	11 187	11 187	11 187
Current portion of long term receivables	66	60	65	–	–	65	65	65	65
Inventory	206	488	976	478	478	1 034	1 036	1 162	1 232
Total current assets	37 271	51 667	36 034	16 815	16 815	41 886	38 582	29 118	24 195
Non current assets									
Long term receivables	706	644	575	700	700	575	575	575	575
Investments	–	–	–	–	–	–	–	–	–
Investment property	2 509	2 509	2 509	2 509	2 509	2 388	2 235	2 110	1 984
Investment in Associate	–	–	–	–	–	–	–	–	–
Property, plant and equipment	90 256	113 450	143 403	221 403	221 403	166 889	212 182	266 643	279 388
Agricultural	–	–	–	–	–	–	–	–	–
Biological	–	–	–	–	–	–	–	–	–
Intangible	60	678	530	482	482	488	757	716	674
Other non current assets	–	–	–	–	–	–	–	–	–
Total non current assets	98 531	117 281	147 017	225 094	225 094	170 300	215 750	270 044	282 602
TOTAL ASSETS	130 802	168 948	183 051	241 909	241 909	212 186	254 332	299 162	306 797
LIABILITIES									
Current liabilities									
Bank overdraft	1 016	–	–	5 561	5 561	–	–	–	–
Borrowing	1 732	1 277	1 481	6 120	6 120	1 995	2 958	3 799	4 878
Consumer deposits	913	945	1 014	1 021	1 021	1 065	1 161	1 243	1 330
Trade and other payables	20 506	56 294	23 686	20 480	20 480	14 510	12 510	12 510	12 510
Provisions	2 277	2 886	3 108	908	908	3 108	3 108	3 108	3 108
Total current liabilities	26 445	61 413	29 300	34 091	34 091	20 689	19 738	20 660	21 826
Non current liabilities									
Borrowing	17 619	16 342	37 248	54 649	54 649	42 333	71 925	109 902	123 908
Provisions	6 675	7 336	8 556	7 478	7 478	8 730	9 918	11 211	12 619
Total non current liabilities	24 294	23 678	45 803	62 127	62 127	51 063	81 843	121 113	136 527
TOTAL LIABILITIES	50 739	85 091	75 103	96 218	96 218	71 753	101 581	141 773	158 353
NET ASSETS	80 064	83 856	107 947	145 691	145 691	140 433	152 751	157 389	148 444
COMMUNITY WEALTH/EQUITY									
Accumulated Surplus/(Deficit)	68 912	79 927	103 933	141 746	141 746	136 419	148 737	153 374	144 429
Reserves	11 152	3 930	4 015	3 945	3 945	4 015	4 015	4 015	4 015
Minorities' interests	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	80 064	83 856	107 947	145 691	145 691	140 433	152 751	157 389	148 444

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table A6 is supported by an extensive table of notes (Table SA3) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table A7 - Budgeted Cash Flow Statement

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand									
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Ratepayers and other	95 526	69 039	76 652	94 650	94 650	91 910	108 214	116 574	127 056
Government - operating	–	18 536	21 390	19 701	19 701	23 789	30 816	26 632	28 770
Government - capital	–	16 963	34 703	20 964	20 964	16 775	22 764	24 215	13 333
Interest	4 097	3 427	3 472	3 561	3 561	530	1 550	1 632	1 712
Dividends	–	–	–	–	–	–	–	–	–
Payments									
Suppliers and employees	(70 397)	(52 381)	(134 841)	(108 292)	(108 292)	(92 565)	(129 412)	(136 211)	(148 350)
Finance charges	(2 789)	(2 467)	(4 656)	(8 043)	(8 043)	(4 718)	(7 887)	(8 480)	(9 999)
Transfers and Grants	–	(300)	(1 250)	(1 250)	(1 250)	(1 467)	(1 330)	(1 400)	(1 469)
NET CASH FROM/(USED) OPERATING ACTIVITIES	26 438	52 818	(4 529)	21 290	21 290	34 255	24 714	22 962	11 053
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	55	–	184	–	–	–	–	–	–
Decrease (Increase) in non-current debtors	–	–	–	–	–	–	–	–	–
Decrease (Increase) other non-current receivables	61	68	64	–	–	–	–	–	–
Decrease (Increase) in non-current investments	–	–	–	–	–	–	–	–	–
Payments									
Capital assets	(25 956)	(33 682)	(39 165)	(65 319)	(65 319)	(34 123)	(58 720)	(71 391)	(31 218)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(25 840)	(33 614)	(38 917)	(65 319)	(65 319)	(34 123)	(58 720)	(71 391)	(31 218)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans	–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing	2 017	2 017	22 781	19 959	19 959	7 503	32 550	41 776	18 884
Increase (decrease) in consumer deposits	59	32	69	71	71	71	76	81	87
Payments									
Repayment of borrowing	(1 858)	(3 750)	(1 671)	(5 600)	(5 600)	(1 903)	(1 995)	(2 958)	(3 799)
NET CASH FROM/(USED) FINANCING ACTIVITIES	218	(1 700)	21 179	14 430	14 430	5 671	30 631	38 899	15 172
NET INCREASE/ (DECREASE) IN CASH HELD	816	17 504	(22 267)	(29 599)	(29 599)	5 803	(3 375)	(9 530)	(4 993)
Cash/cash equivalents at the year begin:	19 559	20 375	37 879	24 038	24 038	15 611	21 415	18 039	8 509
Cash/cash equivalents at the year end:	20 375	37 879	15 611	(5 561)	(5 561)	21 415	18 039	8 509	3 517

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget. The net effect of budget (both capital & operational) is represented in the net increase or decrease in cash and cash equivalents.
2. Table A7 is supported by an extensive table (Table SA30) that provides a breakdown per month as well as providing a detailed analysis of the major sources of receipts and expenditure.
3. In the 2010/2011 financial year the net cash flow decreased with R 22.267 million; the forecast for 2012/2013 is an increase of R 2.654 million. The budgeted cash flow raises serious concerns. From the 2012/2013 to the end of the MTREF period the cash flow deteriorates at a rapid pace. This can be directly linked to an unaffordable capital budget and the insufficient funding of the budget via own revenue.

Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Description R thousand	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Cash and investments available									
Cash/cash equivalents at the year end	20 375	37 879	15 611	(5 561)	(5 561)	21 415	18 039	8 509	3 517
Other current investments > 90 days	(1 199)	(0)	0	–	–	–	–	–	–
Non current assets - Investments	–	–	–	–	–	–	–	–	–
Cash and investments available:	19 176	37 879	15 611	(5 561)	(5 561)	21 415	18 039	8 509	3 517
Application of cash and investments									
Unspent conditional transfers	7 282	40 238	11 186	2 528	2 528	2 000	0	0	0
Unspent borrowing	–	–	–	–	–	–	–	–	–
Statutory requirements	3 658	–	–	3 763	3 763	–	–	–	–
Other working capital requirements	(13 274)	2 985	(5 651)	(2 186)	(2 186)	(6 015)	(6 351)	3 108	–
Other provisions	8 952	10 233	11 664	8 386	8 386	11 839	13 026	14 320	15 727
Long term investments committed	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	11 152	3 930	4 015	3 945	3 945	4 015	4 015	4 015	4 015
Total Application of cash and investments:	17 770	57 384	21 214	16 435	16 435	11 839	10 690	21 443	19 742
Surplus(shortfall)	1 406	(19 506)	(5 603)	(21 997)	(21 997)	9 576	7 349	(12 934)	(16 226)

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table it can be seen that for the period 2008/2009 to 2010/2011 a shortfall was generated. The forecast indicates a slight improvement but again deteriorates to a shortfall of R 34.981 million in the 2014/2015 budget.
6. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2012/13 MTREF is not funded owing to the significant deficit.

Table A9 - Asset Management

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand									
CAPITAL EXPENDITURE									
Total New Assets	25 958	33 682	39 165	55 416	55 416	20 374	43 667	61 521	24 118
Infrastructure - Road transport	8 796	6 141	16 106	2 006	2 006	1 594	2 150	6 185	2 730
Infrastructure - Electricity	13 454	10 533	1 477	5 185	5 185	1 213	2 670	480	5 000
Infrastructure - Water	-	1 674	-	24 741	24 741	8 555	27 437	30 404	7 502
Infrastructure - Sanitation	-	8 379	6 618	6 265	6 265	-	1 880	4 250	1 246
Infrastructure - Other	-	1 579	10 202	410	410	-	500	500	500
Infrastructure	22 250	28 305	34 402	38 607	38 607	11 362	34 637	41 819	16 978
Community	191	1 205	11	7 227	7 227	6 495	3 380	7 326	5 640
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	3 517	3 633	4 686	9 582	9 582	2 517	5 350	12 376	1 500
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	-	538	66	-	-	-	300	-	-
Total Renewal of Existing Assets	-	-	-	9 904	9 904	13 749	15 053	9 870	7 100
Infrastructure - Road transport	-	-	-	7 904	7 904	13 749	12 053	4 050	2 150
Infrastructure - Electricity	-	-	-	2 000	2 000	-	2 500	4 100	3 850
Infrastructure - Water	-	-	-	-	-	-	100	470	-
Infrastructure - Sanitation	-	-	-	-	-	-	-	-	-
Infrastructure - Other	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	9 904	9 904	13 749	14 653	8 620	6 000
Community	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	400	1 250	1 100
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	-	-	-	-	-	-	-	-	-
Total Capital Expenditure	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport	8 796	6 141	16 106	9 910	9 910	15 343	14 203	10 235	4 880
Infrastructure - Electricity	13 454	10 533	1 477	7 185	7 185	1 213	5 170	4 580	8 850
Infrastructure - Water	-	1 674	-	24 741	24 741	8 555	27 537	30 874	7 502
Infrastructure - Sanitation	-	8 379	6 618	6 265	6 265	-	1 880	4 250	1 246
Infrastructure - Other	-	1 579	10 202	410	410	-	500	500	500
Infrastructure	22 250	28 305	34 402	48 510	48 510	25 111	49 290	50 439	22 978
Community	191	1 205	11	7 227	7 227	6 495	3 380	7 326	5 640
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	3 517	3 633	4 686	9 582	9 582	2 517	5 750	13 626	2 600
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	-	538	66	-	-	-	300	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	25 958	33 682	39 165	65 319	65 319	34 123	58 720	71 391	31 218
ASSET REGISTER SUMMARY - PPE (WDV)									
Infrastructure - Road transport	20 303	23 997	36 914	44 493	44 493	49 120	60 329	67 000	68 072
Infrastructure - Electricity	38 368	33 549	32 866	38 057	38 057	32 034	34 985	37 074	42 991
Infrastructure - Water	5 965	7 250	6 662	29 840	29 840	14 304	38 949	65 332	67 966
Infrastructure - Sanitation	2 076	22 201	27 975	32 535	32 535	26 296	26 403	28 634	27 799
Infrastructure - Other	39	1 649	11 767	11 570	11 570	11 060	10 938	10 779	10 595
Infrastructure	66 751	88 646	116 184	156 495	156 495	132 813	171 605	208 820	217 424
Community	3 267	10 700	10 236	16 594	16 594	15 727	18 084	24 002	27 950
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	2 509	2 509	2 509	2 509	2 509	2 358	2 235	2 110	1 984
Other assets	20 238	14 104	16 982	25 242	25 242	18 329	22 493	33 822	33 994
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	60	678	530	482	482	498	757	716	674
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	92 825	116 636	146 441	201 321	201 321	169 725	215 174	269 468	282 026
EXPENDITURE OTHER ITEMS									
Depreciation & asset impairment	7 725	9 507	9 360	10 543	10 543	10 839	13 270	17 098	18 660
Repairs and Maintenance by Asset Class	11 153	12 422	14 864	14 649	14 649	10 094	13 164	12 809	13 436
Infrastructure - Road transport	3 124	3 479	3 887	2 043	2 043	1 938	2 422	2 550	2 675
Infrastructure - Electricity	1 210	1 347	1 520	1 387	1 387	874	1 280	1 348	1 414
Infrastructure - Water	525	585	533	-	-	620	530	558	585
Infrastructure - Sanitation	410	456	539	-	-	552	480	505	530
Infrastructure - Other	48	53	30	-	-	27	31	33	34
Infrastructure	5 315	5 920	6 510	3 430	3 430	4 010	4 742	4 994	5 238
Community	801	893	1 098	205	205	951	1 488	1 567	1 644
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	5 036	5 609	7 256	11 014	11 014	5 132	6 933	6 248	6 554
TOTAL EXPENDITURE OTHER ITEMS	18 878	21 929	24 224	25 191	25 191	20 933	26 434	29 906	32 096
Renewal of Existing Assets as % of total capex	0.0%	0.0%	0.0%	15.2%	15.2%	40.3%	25.6%	13.8%	22.7%

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 10 per cent of PPE. The Municipality do not meet both the recommendations.
3. The graph below provides an analysis between depreciation and operational repairs and maintenance over the MTREF and highlights the fact that the Municipality's capital budget is excessive and will not address the maintenance backlog.

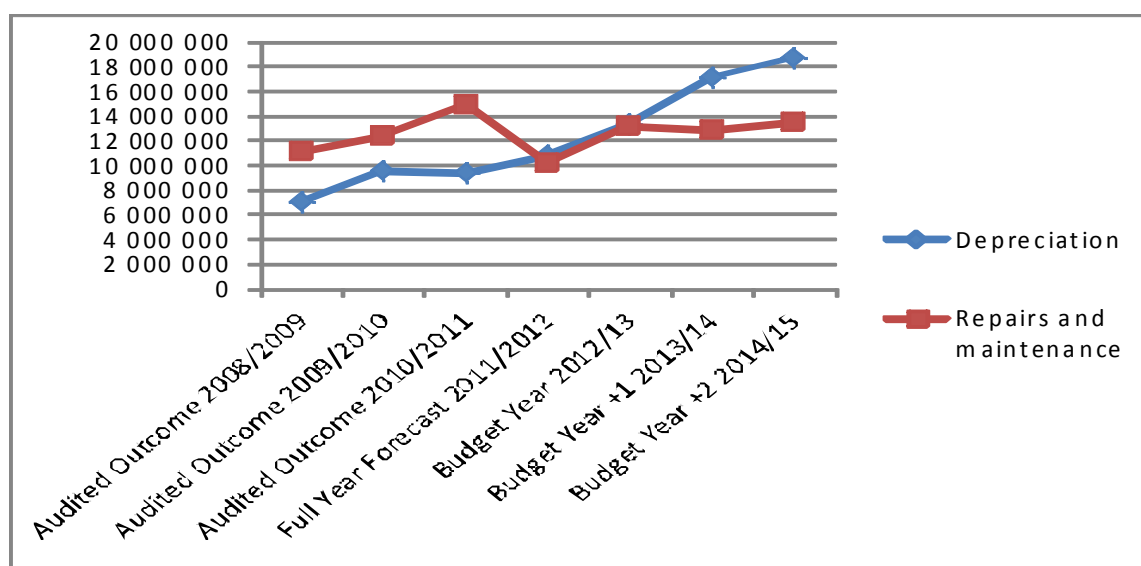


Figure 2 - Depreciation in relation to repairs and maintenance over the MTREF

Table A10 - Basic Service Delivery Measurement

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Household service targets									
Water:									
Piped water inside dwelling				5 660			5 660	5 660	5 660
Piped water inside yard (but not in dwelling)									
Using public tap (at least min.service level)									
Other water supply (at least min.service level)									
<i>Minimum Service Level and Above sub-total</i>	-	-	-	5 660	-	-	5 660	5 660	5 660
Using public tap (< min.service level)									
Other water supply (< min.service level)									
No water supply									
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
Total number of households	-	-	-	5 660	-	-	5 660	5 660	5 660
Sanitation/sewerage:									
Flush toilet (connected to sewerage)				5 868			5 868	5 878	5 898
Flush toilet (with septic tank)				35			35	35	35
Chemical toilet									
Pit toilet (ventilated)									
Other toilet provisions (> min.service level)									
<i>Minimum Service Level and Above sub-total</i>	-	-	-	5 903	-	-	5 903	5 913	5 933
Bucket toilet									
Other toilet provisions (< min.service level)									
No toilet provisions				-	173	173	-	-	-
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	173	173	-	-	-
Total number of households	-	-	-	5 903	173	173	5 903	5 913	5 933
Energy:									
Electricity (at least min.service level)				1 295			1 295	1 295	1 295
Electricity - prepaid (min.service level)				4 568			4 568	4 568	4 568
<i>Minimum Service Level and Above sub-total</i>	-	-	-	5 863	-	-	5 863	5 863	5 863
Electricity (< min.service level)									
Electricity - prepaid (< min. service level)									
Other energy sources									
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
Total number of households	-	-	-	5 863	-	-	5 863	5 863	5 863
Refuse:									
Removed at least once a week				5 451			5 451	5 461	5 481
<i>Minimum Service Level and Above sub-total</i>	-	-	-	5 451	-	-	5 451	5 461	5 481
Removed less frequently than once a week									
Using communal refuse dump				5 457			5 457	5 467	5 487
Using own refuse dump									
Other rubbish disposal									
No rubbish disposal									
<i>Below Minimum Service Level sub-total</i>	-	-	-	5 457	-	-	5 457	5 467	5 487
Total number of households	-	-	-	10 908	-	-	10 908	10 928	10 968
Households receiving Free Basic Service									
Water (6 kilolitres per household per month)									
Sanitation (free minimum level service)									
Electricity /other energy (50kwh per household per month)									
Refuse (removed at least once a week)									
Cost of Free Basic Services provided (R'000)									
Water (6 kilolitres per household per month)				5 660			5 660	5 670	5 690
Sanitation (free sanitation service)									
Electricity /other energy (50kwh per household per month)				103			103	113	133
Refuse (removed once a week)									
Total cost of FBS provided (minimum social p	0	0	0	5 763	0	0	5 763	5 783	5 823
Highest level of free service provided									
Property rates (R value threshold)									
Water (kilolitres per household per month)									
Sanitation (kilolitres per household per month)									
Sanitation (R and per household per month)									
Electricity (kwh per household per month)									
Refuse (average litres per week)									
Revenue cost of free services provided (R'000)									
Property rates (R15 000 threshold rebate)									
Property rates (other exemptions, reductions and rebates)									
Water									
Sanitation									
Electricity /other energy									
Refuse									
Municipal Housing - rental rebates									
Housing - top structure subsidies									
Other									
Total revenue cost of free services provided (total social package)	-	-	-	-	-	-	-	-	-

Explanatory notes to Table A10 - Basic Service Delivery Measurement

- Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.

Part 2 – Supporting Documentation

Section 5 - Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of

The primary aims of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the City's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

5.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on

Key dates applicable to the process were:

- **Strategic planning session** of the Mayoral Committee and Executive Management. Aim: to review past performance trends of the capital and operating budgets, the economic realities and to set the prioritisation criteria for the compilation of the 2012/13 MTREF -;
- **Detail departmental budget proposals** (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines -;
- **Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee** - (This included financial forecasting and scenario considerations);
- **Multi-year budget proposals are submitted** to the Mayoral Committee for endorsement -;
- **Council considers the 2011/12 Mid-year Review and Adjustments Budget** -

- **Tabling in Council of the draft 2012/2013 IDP and MTREF for public consultation -**
- Public consultation -
- Closing date for written comments -
- Finalisation of the IDP and MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework -; and
- Tabling of the 2012/13 MTREF before Council for consideration and approval -

There were no deviations from the key dates set out in the Budget Time Schedule tabled in Council.

5.2 IDP and Service Delivery and Budget Implementation Plan

This is the fourth review of the IDP as adopted by Council in

It started in September 2011 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2012/13 MTREF in August.

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2012/13 MTREF, based on the approved 2011/12 MTREF and Mid-year Review. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2012/13 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2011/12 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

5.3 Financial Modelling and Key Planning Drivers

The following key factors and planning strategies have informed the compilation of the 2012/13 MTREF:

- Municipality's growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- Debtor payment levels
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 58 has been taken into consideration in the planning and prioritisation process.

5.4 Community Consultation

The draft 2012/13 MTREF as tabled before Council on 2012 for community consultation was published on the municipality's website, and hard copies were made available at customer care offices, municipal notice boards and various libraries.

All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

The community consultation process takes place from to ... May 2012, and included public briefing sessions. The applicable dates and venues were published in all the local newspapers. Individual sessions were scheduled with organised business and imbizo's were held to further ensure transparency and interaction. Other stakeholders involved in the consultation included churches, non-governmental institutions and community-based organisations.

Section 6 - Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal

integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP.

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities.

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the strategic objectives.

The 2012/13 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

Strategic Objective	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand								
Good Governance	96	4	36 611	36 611	4	–	–	–
Basic service delivery	16 573	16 721	783	783	10 823	12 256	12 905	13 589
Correcting spatial imbalances	879	783	–	–	657	720	758	795
Democratising of planning and decision making	19 603	23 665	20 506	20 506	35 662	41 063	43 814	46 780
Effective, responsive, people centered and integrated institution	371	342	–	–	4 505	3 409	25	26
Ensuring access to basic services by all	58 757	92 980	73 886	73 886	93 182	108 232	112 438	109 704
Financial Viability	7 302	7 032	9 144	9 144	4 008	5 531	5 815	6 245
Local Economic Development	507	638	–	–	456	423	446	468
To support the residents of the Swellendam with the necessary sporting and recreational facilities as well as to protect and preserve the natural environment in harmony with future town development	3	3	–	–	0	1	1	1
Allocations to other priorities								
Total Revenue (excluding capital transfers and contributions)	104 031	142 168	140 941	140 941	149 297	171 634	176 202	177 607

Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

Strategic Objective	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand								
Good Governance	1 738	1 889	17 136	17 136	3 288	4 900	5 249	5 572
Basic service delivery	2 551	2 688	12 731	12 731	2 356	3 909	4 076	4 132
Correcting spatial imbalances	970	1 429	–	–	1 192	1 677	1 784	1 888
Democratising of planning and decision making	6 597	8 036	9 228	9 228	11 577	15 236	16 236	18 185
Effective, responsive, people centred and integrated institution	7 182	5 705	–	–	5 812	9 557	11 421	12 084
Ensuring access to basic services by all	61 882	76 238	68 231	68 231	73 580	104 945	111 778	122 426
Financial Viability	16 036	20 021	21 798	21 798	16 877	16 628	18 457	19 516
Local Economic Development	1 665	1 875	–	–	2 002	2 200	2 336	2 455
To support the residents of the Swellendam with the necessary sporting and recreational facilities as well as to protect and preserve the natural environment in harmony with future town development	220	160	–	–	168	208	217	325
Allocations to other priorities								
Total Expenditure	98 922	118 037	129 119	129 119	116 811	159 316	171 555	186 551

Table SA7 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

Strategic Objective	2009	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand									
Good Governance	–	–	–	–	–	–	–	–	–
Basic service delivery	–	–	–	–	–	–	–	–	–
Correcting spatial imbalances	–	–	–	–	–	–	–	–	–
Democratising of planning and decision making	366	474	552	920	920	920	–	–	–
Effective, responsive, people centred and integrated institution	1 470	1 907	2 217	3 688	3 688	455	3 460	7 400	1 000
Ensuring access to basic services by all	23 622	30 651	35 640	59 441	59 441	32 088	53 970	63 871	28 218
Financial Viability	–	309	360	600	600	600	500	–	–
Local Economic Development	–	–	–	–	–	–	–	–	–
To support the residents of the Swellendam with the necessary sporting and recreational facilities as well as to protect and preserve the natural environment in harmony with future town development	–	30	36	660	660	60	750	120	2 000
Allocations to other priorities									
Total Capital Expenditure	25 457	33 682	39 165	65 319	65 319	34 123	58 720	71 391	31 218

Section 7 - Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

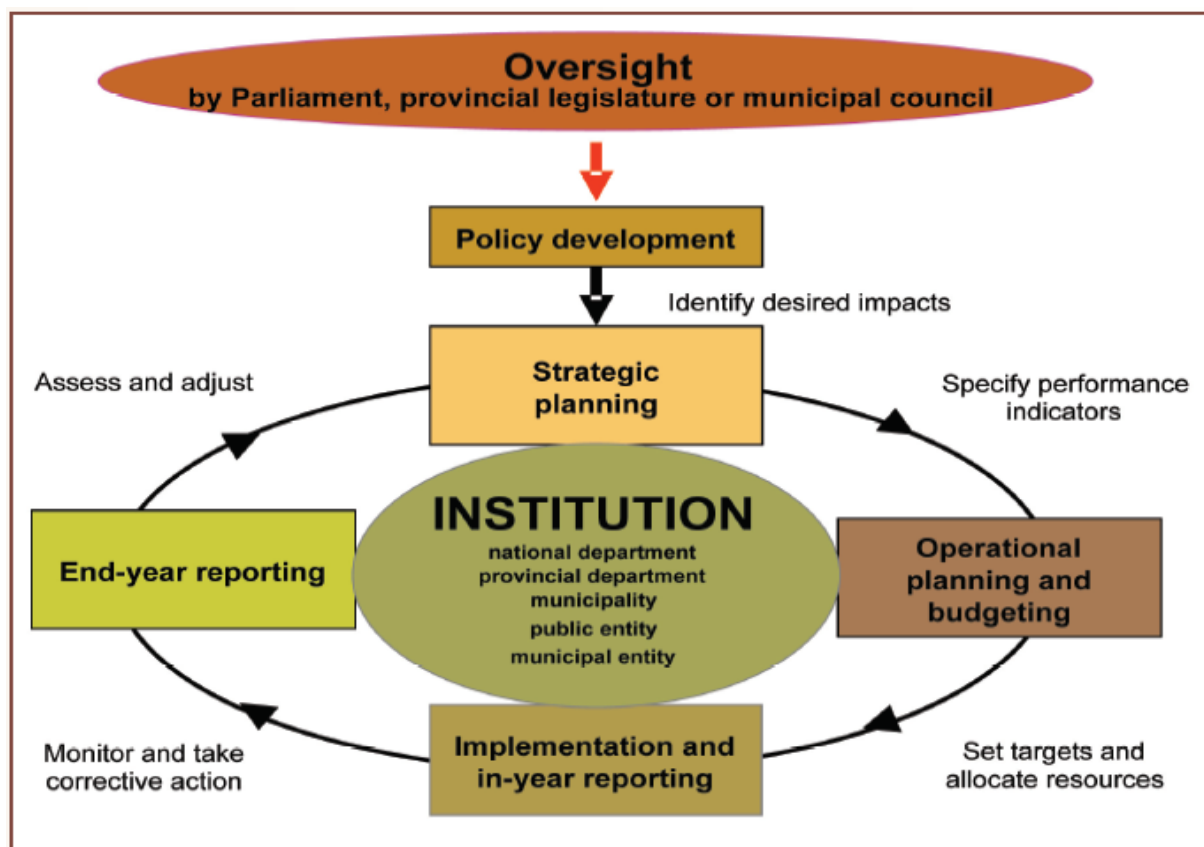


Figure 3 - Planning, budgeting and reporting cycle

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the City in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:

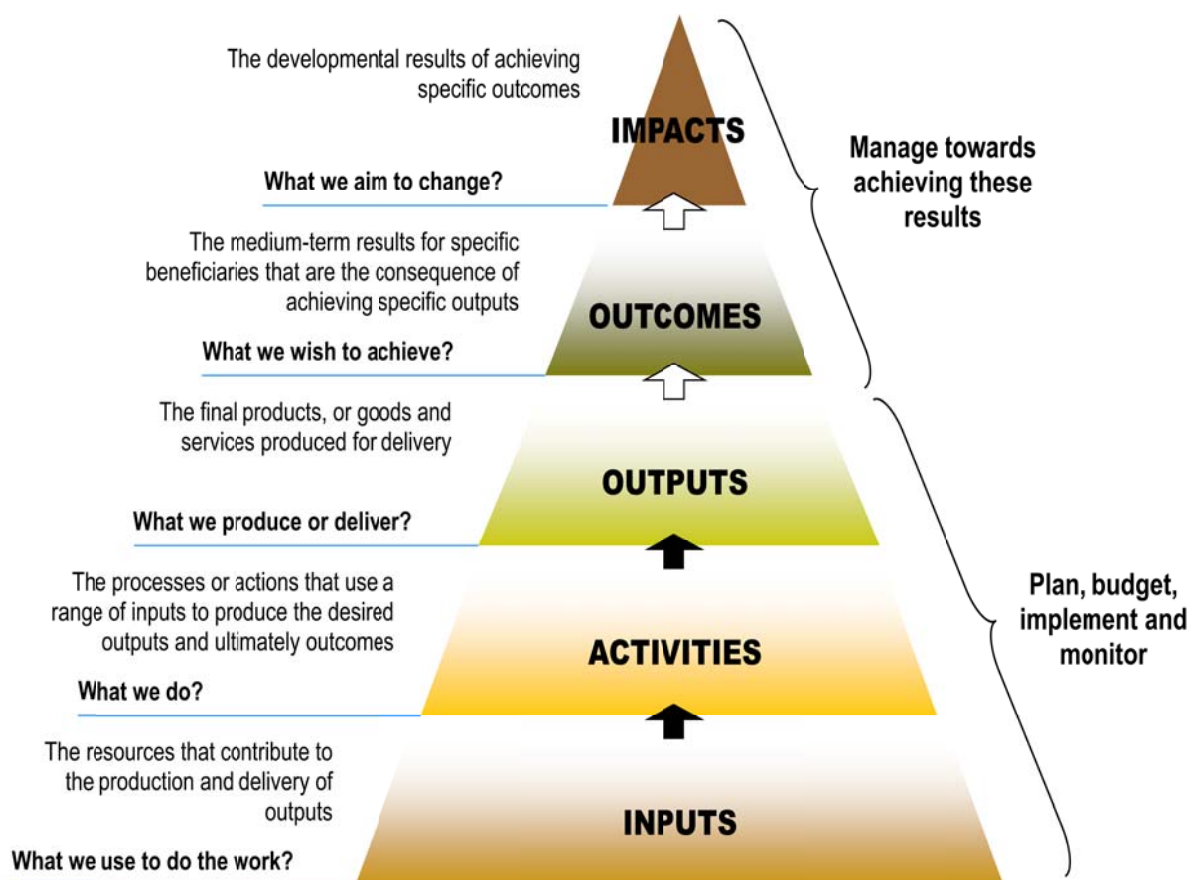


Figure 4 - Definition of performance information concepts

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

Table SA7 - Measurable performance objectives

[illegible]

The following table sets out the municipalities main performance objectives and benchmarks for the 2012/2013 MTREF.

Table SA8 - Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<u>Borrowing Management</u>										
Credit Rating										
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Ex penditure	4.8%	6.3%	5.4%	10.6%	10.6%	5.7%	6.2%	6.7%	7.4%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	6.1%	8.3%	7.3%	13.6%	13.6%	6.7%	8.5%	9.1%	10.2%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	16.5%	10.1%	510.6%	42.7%	42.7%	80.8%	98.0%	86.6%	99.7%
<u>Safety of Capital</u>										
Gearing	Long Term Borrowing/ Funds & Reserves	158.0%	415.9%	927.8%	1385.3%	1385.3%	1054.4%	1791.5%	2737.4%	3086.3%
<u>Liquidity</u>										
Current Ratio	Current assets/current liabilities	1.4	0.8	1.2	0.5	0.5	2.0	2.0	1.4	1.1
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.4	0.8	1.2	0.5	0.5	2.0	2.0	1.4	1.1
Liquidity Ratio	Monetary Assets/Current Liabilities	0.8	0.6	0.5	–	–	1.0	0.9	0.4	0.2
<u>Revenue Management</u>										
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		130.5%	94.2%	91.1%	96.1%	96.1%	95.5%	94.5%	94.2%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)			130.4%	94.1%	91.0%	96.1%	96.1%	95.5%	94.5%	94.2%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	19.9%	15.3%	19.0%	14.2%	14.2%	16.1%	13.6%	13.2%	12.2%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Creditors Management</u>										
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))	99.0%	95.0%	99.0%	99.0%	99.0%	99.0%	100.0%	100.0%	100.0%
Creditors to Cash and Investments		46.9%	42.4%	80.1%	-255.2%	-255.2%	58.4%	69.3%	147.0%	355.7%
<u>Other Indicators</u>										
Electricity Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated									
Water Distribution Losses (2)	% Volume (units purchased and own source less units sold)/Total units purchased and own source									
Employee costs	Employee costs/(Total Revenue - capital revenue)	33.9%	38.2%	34.6%	36.1%	36.1%	33.6%	39.2%	40.5%	40.0%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	0.0%	41.0%	37.0%	38.4%	38.4%	35.8%	41.3%	42.6%	42.1%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	12.6%	13.6%	14.1%	12.2%	12.2%	8.1%	8.9%	8.4%	8.2%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	11.9%	13.1%	13.3%	15.5%	15.5%	12.5%	14.4%	16.8%	17.4%
<u>IDP regulation financial viability indicators</u>										
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	10.5	14.5	9.4	10.9	10.9	10.9	25.3	22.7	24.6
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	27.4%	20.3%	25.0%	18.6%	18.6%	20.8%	18.0%	16.6%	15.3%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	3.5	6.4	2.2	(0.7)	(0.7)	2.8	1.8	0.8	0.3

7.1 Performance indicators and benchmarks

7.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. The borrowing strategy must be primarily informed by the affordability of debt repayments. The structure of the Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2012/13 MTREF:

- *Capital charges to operating expenditure* are a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing has been stable but increased from forecast of 5.5 per cent for 2011/2012 to 12.3 per cent in 2014/15. This increase can be attributed to the raising of loans to fund portions of the capital programme. While borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator indicates that the capital programme from new borrowings is unrealistic. The Municipality has reached its prudential borrowing limits.
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The forecast for 2011/2012 is 96.2 per cent which substantiates the above mentioned statement and that the Municipality has reached its prudential borrowing limits.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets but more so unrealistic capital programmes from new borrowings.

7.1.2 Safety of Capital

The *gearing ratio* is a measure of the total long term borrowings over funds and reserves. The ratio will peaked at 5123.5 per cent. This is primarily a result of the increased borrowing levels and decreasing funds and reserves. As part of the planning guidelines it implicates that the Municipality must ensure proper cash-backing of reserves and funds as a prudent financial sustainability objective and limited new borrowings.

7.1.3 Liquidity

Current ratio is a measure of the current assets divided by the current liabilities. The ratio worsens from a 2011/2012 forecast of 1.8 to 0.5 in 2014/2015. This is problematic and should all efforts be to rather maintain the levels of the forecast of 2011/2012.

The *liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current

liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. The ratio worsens from a 2011/2012 forecast of 1.8 to 0.5 in 2014/2015. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into even more serious financial challenges for the Municipality. As part of the longer term financial planning objectives this ratio will have to be set at a minimum of 1.

7.1.4 Revenue Management

In order to reach the targets and maintains the level of outstanding debtors to revenue, an aggressive revenue management framework must implemented, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of this strategy should be to ensure accurate billing, customer service, credit control and debt collection.

7.1.5 Creditors Management

The Municipality has managed to ensure that creditors are settled within the legislated 30 date from date invoice/statement. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation.

7.1.6 Other Indicators

The *electricity distribution losses* have been managed Initiatives to ensure that these targets are achieved include managing illegal connections and theft of electricity, including prepaid meters.

The *water distribution losses* have

Employee costs as a percentage of operating revenue has increased from the forecasted 34.5 per cent to stabilise for the remainder of MTREF in excess of 38 per cent. This is primarily to the filling of vacant positions and has the Municipality reached the upper limit and should rather endeavours to decrease this percentage.

Section 8 - Overview of budget related-policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

All changes to budget related policies should be dealt with here!!!

8.1 Review of credit control and debt collection procedures/policies

???

8.2 Asset Management, Infrastructure Investment and Funding Policy

???

8.3 Supply Chain Management Policy

???

8.4 Budget and Virement Policy

???

8.5 Cash Management and Investment Policy

???

8.6 Tariff Policies

???

Section 9 - Overview of budget assumptions

9.1 External factors

Don't know what your outlook looks like this is an example

Domestically, after five years of strong growth, during which about two million jobs were created, our economy shrank by an estimated 1.8 per cent last year and about 900 000 people lost their jobs. It is expected that recovery from this deterioration will be slow and uneven, and that growth for 2011 will be 2.3 per cent rising to 3.6 per cent by 2012.

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipality's finances.

9.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2011/12 MTREF:

- National Government macro economic targets;
 - The general inflationary outlook and the impact on Municipality's residents and businesses;
 - The impact of municipal cost drivers;
 - The increase in prices for bulk electricity; and
 - The increase in the cost of remuneration.
- Employee related costs comprise 34.5 per cent of total operating expenditure in the forecast for the 2011/12 financial year and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget.

9.3 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The 2012/13 MTREF is based on the assumption that all borrowings are undertaken using fixed interest rates for amortisation-style loans requiring both regular principal and interest payments at an interest rate of 10%.

9.4 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (96.1 per cent) of annual billings. Cash flow is assumed to be 92.2 per cent of billings, plus an increase in the outer years to a level of 94.3 per cent.

9.5 Salary increases

A salary increase of 5 per cent No collective agreement regarding salaries/wages is at present available.

Section 10 - Overview of budget funding

10.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Breakdown of the operating revenue over the medium-term

The following graph is a breakdown of the operational revenue per main category for the 2012/13 financial year.

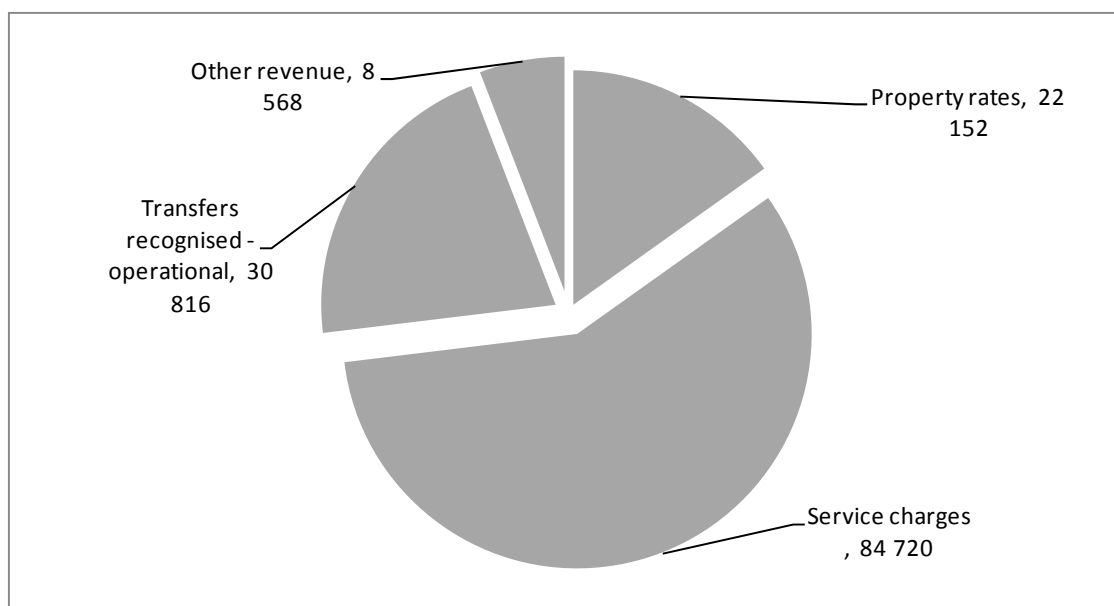


Figure 5 - Breakdown of operating revenue over the 2012/13 MTREF

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal. Property rates, operating grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

The proposed tariff increases for the 2011/12 MTREF on the different revenue categories are:

- Property rates - 7 %
- Electricity - 10.5 %
- Water - 5 %
- Refuse Removal - 5 %
- Sewerage - 5 %

Investment revenue do contributes marginally to the revenue base of the Municipality with a budget allocation of R1.550 million in the 2012/2013 financial year. It needs to be noted that these allocations is suspect given the cash and cash equivalent position of the Municipality at year end 20 June 2013. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

The tables below provide detail investment information and investment particulars by maturity.

Table SA15 – Detail Investment Information

Investment type	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand									
Parent municipality									
Securities - National Government									
Listed Corporate Bonds									
Deposits - Bank	20 190	35 886	13 579	–	–	20 965	17 677	8 337	3 444
Deposits - Public Investment Commissioners									
Deposits - Corporation for Public Deposits									
Bankers Acceptance Certificates									
Negotiable Certificates of Deposit - Banks									
Guaranteed Endowment Policies (sinking)									
Repurchase Agreements - Banks									
Municipal Bonds									
Consolidated total:	20 190	35 886	13 579	–	–	20 965	17 677	8 337	3 444

Table SA16 – Investment particulars by maturity

Investments by Maturity	Period of Investment	Type of Investment	Capital Guarantee (Yes/No)	Variable or Fixed interest rate	Interest Rate	Commission Paid (Rands)	Commission Received	Expiry date of investment	Market value	Interest to be realised
Name of institution & investment ID	Yes/No/hrs				3				Rands/thousand	
Parent municipality										
Ntkrown (Amurs&stitutions with future)		Call deposit	Yes	Variable	4%	Ntre	NA	Call	17677	1.550
TOTAL INVESTMENTS AND INTEREST									17677	1.550

For the medium-term it is clear that no funding from internally generated funds is available.

10.2 Medium-term outlook: capital revenue

The funding composition of the 2012/13 is graphically represented as follows:

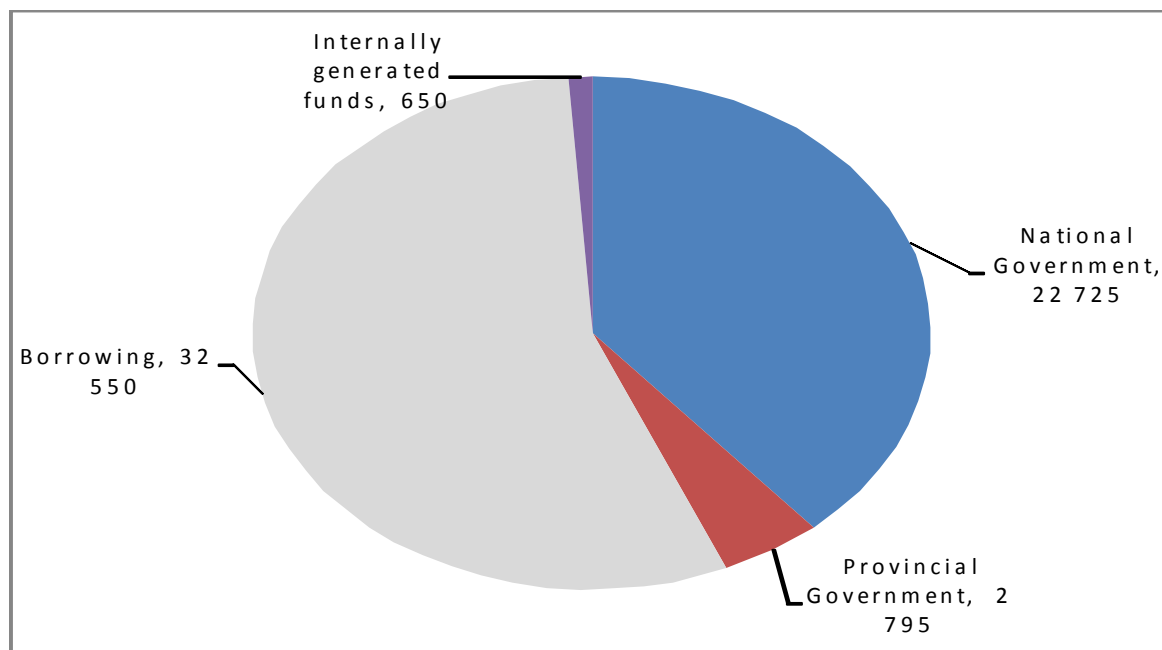


Figure 6 - Sources of capital revenue for the 2012/13 financial year

Capital grants and receipts equates to 25.7 per cent of the total funding source which represents R26.3 million for the 2012/13 financial year.

Borrowing is a significant funding source for the capital programme over the medium-term with an estimated R147 million to be raised. As explained earlier, the borrowing capacity of the Municipality has already reached its limits and new borrowing in the MTREF is suspect.

The following table is a of the Municipality's borrowings.

Table SA 17 - Detail of borrowings

Borrowing - Categorised by type R thousand	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Parent municipality									
Long-Term Loans (annuity/reducing balance)	17 343	16 065	37 204	54 649	54 649	42 290	71 881	109 859	123 865
Long-Term Loans (non-annuity)									
Local registered stock									
Instalment Credit									
Financial Leases	276	276	43	—	—	43	43	43	43
PPP liabilities									
Finance Granted By Cap Equipment Supplier									
Marketable Bonds									
Non-Marketable Bonds									
Bankers Acceptances									
Financial derivatives									
Other Securities									
Total Borrowing	17 619	16 342	37 248	54 649	54 649	42 333	71 925	109 902	123 908

The following graph illustrates the growth in outstanding borrowing for the 2007/08 to 2013/14 period.

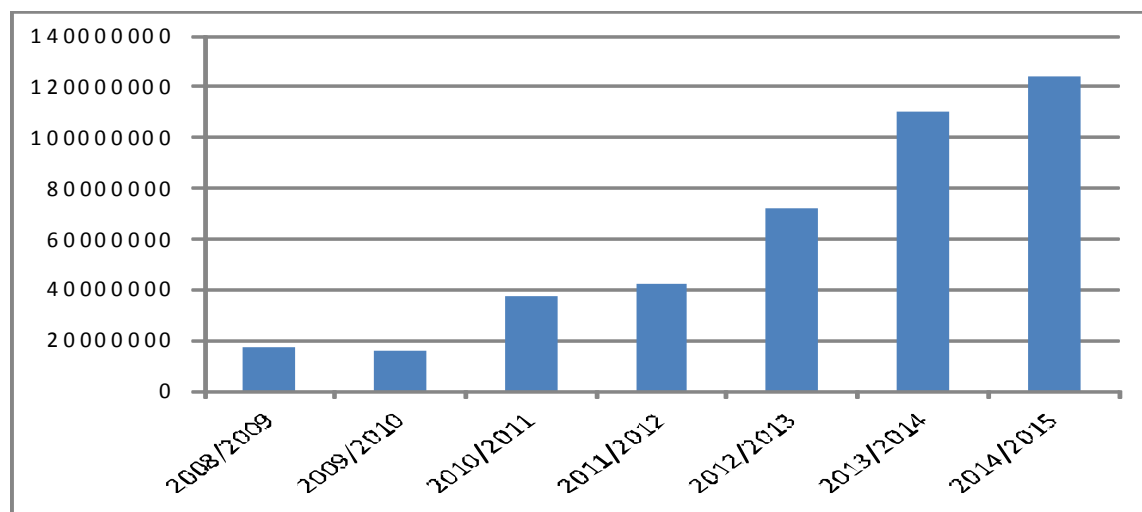


Figure 7 - Growth in outstanding borrowing (long-term liabilities)

Internally generated funds are also suspect due to the fact that a deficit is budgeted before the recognition of capital transfers.

Table SA 18 - Capital transfers and grant receipts

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
National Government:	19 282	46 364	5 655	10 713	10 713	10 713	20 725	22 749	11 793
Municipal Infrastructure Grant (MIG)	19 282	8 686	5 244	8 713	8 713	8 713	10 725	11 149	11 793
Regional Bulk Infrastructure				-	-	-	10 000	11 600	
Finance Management Grant		160							
Flood damage		36 991		-	-	-			
National Electrification Program		526	411	2 000	2 000	2 000			
Provincial Government:	286	4 236	-	6 062	6 062	6 062	2 039	1 466	1 540
Housing Infrastructure	286	4 250		6 062	6 062	6 062	2 039	1 466	1 540
Library		46							
Total Capital Transfers and Grants	19 568	50 660	5 655	16 775	16 775	16 775	22 764	24 215	13 333

10.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understand ability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table A7 - Budget cash flow statement

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand									
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Ratepayers and other	95 526	69 039	76 652	94 650	94 650	91 910	108 214	116 574	127 056
Government - operating	—	18 536	21 390	19 701	19 701	23 789	30 816	26 632	28 770
Government - capital	—	16 963	34 703	20 964	20 964	16 775	22 764	24 215	13 333
Interest	4 097	3 427	3 472	3 561	3 561	530	1 550	1 632	1 712
Dividends	—	—	—	—	—	—	—	—	—
Payments									
Suppliers and employees	(70 397)	(52 381)	(134 841)	(108 292)	(108 292)	(92 565)	(129 412)	(136 211)	(148 350)
Finance charges	(2 789)	(2 467)	(4 656)	(8 043)	(8 043)	(4 718)	(7 887)	(8 480)	(9 999)
Transfers and Grants	—	(300)	(1 250)	(1 250)	(1 250)	(1 467)	(1 330)	(1 400)	(1 469)
NET CASH FROM/(USED) OPERATING ACTIVITIES	26 438	52 818	(4 529)	21 290	21 290	34 255	24 714	22 962	11 053
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	55	—	184	—	—	—	—	—	—
Decrease (Increase) in non-current debtors	—	—	—	—	—	—	—	—	—
Decrease (Increase) other non-current receivables	61	68	64	—	—	—	—	—	—
Decrease (Increase) in non-current investments	—	—	—	—	—	—	—	—	—
Payments									
Capital assets	(25 956)	(33 682)	(39 165)	(65 319)	(65 319)	(34 123)	(58 720)	(71 391)	(31 218)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(25 840)	(33 614)	(38 917)	(65 319)	(65 319)	(34 123)	(58 720)	(71 391)	(31 218)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans	—	—	—	—	—	—	—	—	—
Borrowing long term/refinancing	2 017	2 017	22 781	19 959	19 959	7 503	32 550	41 776	18 884
Increase (decrease) in consumer deposits	59	32	69	71	71	71	76	81	87
Payments									
Repayment of borrowing	(1 858)	(3 750)	(1 671)	(5 600)	(5 600)	(1 903)	(1 995)	(2 958)	(3 799)
NET CASH FROM/(USED) FINANCING ACTIVITIES	218	(1 700)	21 179	14 430	14 430	5 671	30 631	38 899	15 172
NET INCREASE/ (DECREASE) IN CASH HELD	816	17 504	(22 267)	(29 599)	(29 599)	5 803	(3 375)	(9 530)	(4 993)
Cash/cash equivalents at the year begin:	19 559	20 375	37 879	24 038	24 038	15 611	21 415	18 039	8 509
Cash/cash equivalents at the year end:	20 375	37 879	15 611	(5 561)	(5 561)	21 415	18 039	8 509	3 517

The table above shows that cash and cash equivalents of the Municipality will be depleted as from the 2013/2014 financial year; this is problematic and needs urgent attention.

10.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in outer years there are cash shortfalls and the trend is definitely a concern.

Table A8 - Cash backed reserves/accumulated surplus reconciliation

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Cash and investments available									
Cash/cash equivalents at the year end	20 375	37 879	15 611	(5 561)	(5 561)	21 415	18 039	8 509	3 517
Other current investments > 90 days	(1 199)	(0)	0	—	—	—	—	—	—
Non current assets - Investments	—	—	—	—	—	—	—	—	—
Cash and investments available:	19 176	37 879	15 611	(5 561)	(5 561)	21 415	18 039	8 509	3 517
Application of cash and investments									
Unspent conditional transfers	7 282	40 238	11 186	2 528	2 528	2 000	0	0	0
Unspent borrowing	—	—	—	—	—	—	—	—	—
Statutory requirements	3 668	—	—	3 763	3 763	—	—	—	—
Other working capital requirements	(13 274)	2 985	(5 651)	(2 186)	(2 186)	(6 015)	(6 351)	3 108	—
Other provisions	8 952	10 233	11 664	8 386	8 386	11 839	13 026	14 320	15 727
Long term investments committed	—	—	—	—	—	—	—	—	—
Reserves to be backed by cash/investments	11 152	3 980	4 015	3 945	3 945	4 015	4 015	4 015	4 015
Total Application of cash and investments:	17 770	57 384	21 214	16 435	16 435	11 839	10 690	21 443	19 742
Surplus(shortfall)	1 406	(19 506)	(5 603)	(21 997)	(21 997)	9 576	7 349	(12 934)	(16 226)

From the above table it can be seen that the forecasted available cash and investments total R 18.265 million for the 2011/2012 financial year and this rapidly decrease to a negative position of R18.564 million by 2014/2015. This is seriously pointing out that the operational budget is not cash funded.

It is clear that with this trend in the available cash and cash equivalents that the Municipality is heading towards a cash shortfall at the speed of lightning. It can be concluded that the Municipality has a deficit against the cash backed and accumulated surpluses reconciliation. The level of non cash-backing rapidly deteriorates in the outer years of the MTREF.

The Municipality has essentially depleted all cash reserves which is a serious concern and should be considered a strategic risk to the financial stability of the Municipality. As part of the planning strategy, this deficit needs to be aggressively managed downwards and as part of the medium term planning objectives.

10.5 Funding compliance measurement

National Treasury requires that the Municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table SA10 – Funding compliance measurement

Description	MFMA section	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<u>Funding measures</u>										
Cash/cash equivalents at the year end - R'000	18(1)b	20 375	37 879	15 611	(5 561)	(5 561)	21 415	18 039	8 509	3 517
Cash + investments at the yr end/less applications - R'000	18(1)b	1 406	(19 506)	(5 603)	(21 997)	(21 997)	9 576	7 349	(12 934)	(16 226)
Cash year end/monthly employee/supplier payments	18(1)b	35	64	22	(0.7)	(0.7)	28	18	0.8	0.3
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	6 540	5 168	24 131	11 822	11 822	32 486	12 318	4 637	(8 944)
Service charge rev % change - macro CPI target exclusive	18(1)a(2)	NA	1.1%	12.6%	7.4%	(6.0%)	0.5%	17.3%	2.2%	2.3%
Cash receipts % of Ratepayer & Other revenue	18(1)a(2)	130.4%	94.1%	91.0%	96.1%	96.1%	92.8%	94.5%	94.2%	95.0%
Debt impairment expense as a % of total billable revenue	18(1)a(2)	19.4%	13.2%	8.8%	0.0%	0.0%	7.6%	5.8%	6.1%	5.3%
Capital payments % of capital expenditure	18(1)c;19	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	16.5%	10.1%	510.6%	42.7%	42.7%	80.8%	98.0%	86.6%	99.7%
Grants % of Govt. legislated/gazetted allocations	18(1)a							103.7%	100.0%	100.0%
Current consumer debtors % change - inc/(decr)	18(1)a	NA	(21.2%)	46.2%	(16.0%)	0.0%	19.0%	19.0%	0.0%	0.0%
Long term receivables % change - inc/(decr)	18(1)a	NA	(8.7%)	(10.7%)	21.6%	0.0%	(17.8%)	(17.8%)	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	12.4%	10.9%	10.4%	6.6%	6.6%	6.0%	6.2%	4.8%	4.8%
Asset renewal % of capital budget	20(1)(vi)	0.0%	0.0%	0.0%	15.2%	15.2%	40.3%	25.6%	13.8%	22.7%

10.5.1 Cash/cash equivalent position

The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2012/13 MTREF shows a positive cash position of R14.734 million for 2012/2013 and thereafter move towards a negative position.

10.5.2 Cash plus investments less application of fund

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

10.5.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. Notably, the ratio has been falling significantly. This measure will have to be carefully monitored going forward.

10.5.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2012/13 MTREF a surplus of R9.173 million is shown. The outer year shows a deficit of R20.9 million and R23.3 million.

It needs to be noted that a surplus does not mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

10.5.5 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 per cent). The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage growth totals 16.7, 2.3 and 2.4 per cent for the respective financial year of the 2012/13 MTREF. Considering the lowest percentage tariff increase in relation to revenue generated from rates and services charges is 5 per cent, with the increase in electricity at 11 per cent it is to be expected that the increase in revenue will exceed the inflation target figures. However, the outcome is lower than it might be due to the slowdown in the economy and a reduction in consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the budget.

10.5.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 94.5, 94.3 and 95 per cent for each of the respective financial years. Given that the assumed collection rate was based on a 94.5 per cent performance target, the cash flow statement has been conservatively determined. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review be deviating more than 1 per cent positive or negatively the adjustments budget will be amended.

10.5.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 5.8, 6.1 and 5.3 per cent over the MTREF. The provision is well within the accepted practice.

10.5.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. The municipality aims to keep strict compliance with the legislative requirement that debtors be paid within 30 days.

10.5.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. It can be seen that 98.5 and thereafter 100 per cent of own funded capital relates to borrowings.

10.5.10 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers.

5.10.11 Consumer debtors change (Current and Non-current

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show that the debtor figures are kept at the same level.

5.10.12 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term. It can be seen that the outcome is at 4.8, 4.1 and 4.2 per cent for each of the respective financial years.

5.10.13 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. The information in

this regard is limited but a declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable.

Section 11 - Expenditure on grants and reconciliations of unspent funds

The table below provides the transfers and grant receipts.

Table SA18 – Receipts of transfers and grant programmes

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
RECEIPTS:									
Operating Transfers and Grants									
National Government:	11 864	15 476	19 398	19 683	19 683	19 683	22 647	23 211	25 178
Local Government Equitable Share	9 879	12 151	15 267	16 648	16 648	16 648	18 897	20 474	22 158
Finance Management	1 250	2 590	3 000	1 250	1 250	1 250	1 250	1 250	1 450
Municipal Systems Improvement	735	735	750	790	790	790	800	900	950
EPWP Incentive				536	536	536	1 000		
MIG			381	459	459	459	400	587	620
Water Services Operating Subsidy							300		
Provincial Government:	760	1 801	2 533	4 107	4 107	4 107	8 169	3 421	3 592
Housing	760	1 461	2 229	447	447	447	4 757	3 421	3 592
Library		197	300	3 660	3 660	3 660	3 385		
Community Development Workers		96							
EMP Ration Erf 5269		38							
Structure plan		0	0						
Social plan fund		1	1						
Vegetable project		3	3						
Multi purpose centre		4							
Main roads							27		
Total Operating Transfers and Grants	12 624	17 278	21 931	23 789	23 789	23 789	30 816	26 632	28 770
Capital Transfers and Grants									
National Government:	19 282	46 364	5 655	10 713	10 713	10 713	20 725	22 749	11 793
Municipal Infrastructure Grant (MIG)	19 282	8 686	5 244	8 713	8 713	8 713	10 725	11 149	11 793
Regional Bulk Infrastructure				–	–	–	10 000	11 600	
Finance Management Grant		160		–	–	–			
Flood damage		36 991		–	–	–			
National Electrification Program		526	411	2 000	2 000	2 000			
Provincial Government:	286	4 296	–	6 062	6 062	6 062	2 039	1 466	1 540
Housing Infrastructure	286	4 250		6 062	6 062	6 062	2 039	1 466	1 540
Library		46							
Total Capital Transfers and Grants	19 568	50 660	5 655	16 775	16 775	16 775	22 764	24 215	13 333
TOTAL RECEIPTS OF TRANSFERS & GRANTS	32 192	67 937	27 587	40 565	40 565	40 565	53 579	50 847	42 103

The table below provides the expenditure of the transfers and grants.

Table SA19 - Expenditure on transfers and grant programmes

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand									
EXPENDITURE:									
<u>Operating expenditure of Transfers and Grants</u>									
National Government:	2 263	16 122	19 265	19 683	19 683	19 683	22 647	23 211	25 178
Local Government Equitable Share	–	12 151	15 267	16 648	16 648	16 648	18 897	20 474	22 158
Finance Management	1 863	2 916	3 000	1 250	1 250	1 250	1 250	1 250	1 450
Municipal Systems Improvement	400	720	617	790	790	790	800	900	950
EPWP Incentive	–	–	–	536	536	536	1 000	–	–
MIG	–	334	381	459	459	459	400	587	620
Water Services Operating Subsidy	–	–	–	–	–	–	300	–	–
Provincial Government:	32 684	2 414	2 126	447	447	5 231	8 169	3 421	3 592
Housing	31 913	1 168	276	447	447	447	4 757	3 421	3 592
Library	–	289	300	–	–	4 480	3 385	–	–
Community Development Workers	–	96	–	–	–	–	–	–	–
EMP Rialton Erf 5269	–	29	–	–	–	9	–	–	–
Structure plan	188	–	–	–	–	1	–	–	–
Social plan fund	–	–	–	–	–	25	–	–	–
Vegetable project	0	12	7	–	–	70	–	–	–
Multi purpose centre	–	–	–	–	–	198	–	–	–
Flood damage	–	819	1 543	–	–	–	–	–	–
Main roads	228	–	–	–	–	–	27	–	–
	283	–	–	–	–	–	–	–	–
	72	–	–	–	–	–	–	–	–
Total operating expenditure of Transfers and Grants:	34 947	18 536	21 390	20 130	20 130	24 914	30 816	26 632	28 770
<u>Capital expenditure of Transfers and Grants</u>									
National Government:	26 338	12 166	34 703	10 713	10 713	18 776	22 725	22 749	11 793
Municipal Infrastructure Grant (MIG)	5 880	8 078	6 931	8 713	8 713	8 713	10 725	11 149	11 793
Regional Bulk Infrastructure	–	–	–	–	–	–	10 000	11 600	–
Water Affairs	19 529	–	–	–	–	–	–	–	–
EPWP	–	–	–	–	–	–	–	–	–
Flood damage	–	2 842	27 772	–	–	10 062	–	–	–
Finance Management Grant	–	160	–	–	–	–	–	–	–
Municipal Systems Improvement	–	148	–	–	–	–	–	–	–
National Electrification Program	929	938	–	2 000	2 000	–	2 000	–	–
Provincial Government:	–	4 797	–	6 062	6 062	6 062	2 039	1 466	1 540
Housing Infrastructure	–	4 250	–	6 062	6 062	6 062	2 039	1 466	1 540
Multi purpose centre	–	501	–	–	–	–	–	–	–
Library	–	46	–	–	–	–	–	–	–
Total capital expenditure of Transfers and Grants	26 338	16 963	34 703	16 775	16 775	24 838	24 764	24 215	13 333
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	61 286	35 500	56 093	36 905	36 905	49 751	55 579	50 847	42 103

The table below provides the unspent balances of the transfers and grants.

Table SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand									
Operating transfers and grants:									
National Government:									
Balance unspent at beginning of the year	(9 088)	513	(133)	(3 749)	(3 749)	0	0	0	0
Current year receipts	11 864	15 476	19 398	19 683	19 683	19 683	22 647	23 211	25 178
Conditions met - transferred to revenue	2 263	16 122	19 265	19 683	19 683	19 683	22 647	23 211	25 178
Conditions still to be met - transferred to liabilities	513	(133)	0	(3 749)	(3 749)	0	0	0	0
Provincial Government:									
Balance unspent at beginning of the year	33 253	1 329	717	620	620	1 124	—	—	—
Current year receipts	760	1 801	2 533	4 107	4 107	4 107	8 169	3 421	3 592
Conditions met - transferred to revenue	32 684	2 414	2 126	447	447	5 231	8 169	3 421	3 592
Conditions still to be met - transferred to liabilities	1 329	717	1 124	4 280	4 280	—	—	—	—
District Municipality:									
Balance unspent at beginning of the year	—	—	—	—	—	—	—	—	—
Current year receipts	—	—	—	—	—	—	—	—	—
Conditions met - transferred to revenue	—	—	—	—	—	—	—	—	—
Conditions still to be met - transferred to liabilities	—	—	—	—	—	—	—	—	—
Other grant providers:									
Balance unspent at beginning of the year	—	—	—	—	—	—	—	—	—
Current year receipts	—	—	—	—	—	—	—	—	—
Conditions met - transferred to revenue	—	—	—	—	—	—	—	—	—
Conditions still to be met - transferred to liabilities	—	—	—	—	—	—	—	—	—
Total operating transfers and grants revenue	34 947	18 536	21 390	20 130	20 130	24 914	30 816	26 632	28 770
Total operating transfers and grants - CTBM	1 842	584	1 125	530	530	0	0	0	0
Capital transfers and grants:									
National Government:									
Balance unspent at beginning of the year	11 968	4 912	39 110	4 482	4 482	10 062	2 000	—	—
Current year receipts	19 282	46 364	5 655	10 713	10 713	10 713	20 725	22 749	11 793
Conditions met - transferred to revenue	26 338	12 166	34 703	10 713	10 713	18 776	22 725	22 749	11 793
Conditions still to be met - transferred to liabilities	4 912	39 110	10 062	4 482	4 482	2 000	—	—	—
Provincial Government:									
Balance unspent at beginning of the year	215	501	—	1 276	1 276	—	—	—	—
Current year receipts	286	4 296	—	6 062	6 062	6 062	2 039	1 466	1 540
Conditions met - transferred to revenue	—	4 797	—	6 062	6 062	6 062	2 039	1 466	1 540
Conditions still to be met - transferred to liabilities	501	—	—	1 276	1 276	—	—	—	—
District Municipality:									
Balance unspent at beginning of the year	—	—	—	—	—	—	—	—	—
Current year receipts	—	—	—	—	—	—	—	—	—
Conditions met - transferred to revenue	—	—	—	—	—	—	—	—	—
Conditions still to be met - transferred to liabilities	—	—	—	—	—	—	—	—	—
Other grant providers:									
Balance unspent at beginning of the year	—	—	—	—	—	—	—	—	—
Current year receipts	—	—	—	—	—	—	—	—	—
Conditions met - transferred to revenue	—	—	—	—	—	—	—	—	—
Conditions still to be met - transferred to liabilities	—	—	—	—	—	—	—	—	—
Total capital transfers and grants revenue	26 338	16 963	34 703	16 775	16 775	24 838	24 764	24 215	13 333
Total capital transfers and grants - CTBM	5 413	39 110	10 062	5 757	5 757	2 000	—	—	—
TOTAL TRANSFERS AND GRANTS REVENUE	61 286	35 500	56 093	36 905	36 905	49 751	55 579	50 847	42 103
TOTAL TRANSFERS AND GRANTS - CTBM	7 255	39 693	11 187	6 288	6 288	2 000	0	0	0

Section 12 - Councillor and employee benefits

Table SA22 - Summary of councillor and staff benefits

Summary of Employee and Councillor remuneration	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)									
Basic Salaries and Wages	–	2 468	2 474	2 107	2 107	2 696	3 060	3 213	3 374
Pension and UIF Contributions	–	–	–	204	204	–	–	–	–
Medical Aid Contributions	–	–	–	57	57	–	–	–	–
Motor Vehicle Allowance	–	–	–	332	332	–	–	–	–
Cellphone Allowance	–	–	–	–	–	–	–	–	–
Housing Allowances	–	–	–	105	105	–	–	–	–
Other benefits and allowances	–	–	–	5	5	–	–	–	–
Sub Total - Councillors	–	2 468	2 474	2 810	2 810	2 696	3 060	3 213	3 374
% increase		–	0.2%	13.6%	–	(4.0%)	13.5%	5.0%	5.0%
Senior Managers of the Municipality									
Basic Salaries and Wages	2 793	2 181	2 062	1 314	1 314	–	4 564	4 792	5 032
Pension and UIF Contributions	170	116	151	89	89	–	–	–	–
Medical Aid Contributions	107	95	97	59	59	–	–	–	–
Overtime	–	–	–	–	–	–	–	–	–
Performance Bonus	–	–	–	–	–	–	–	–	–
Motor Vehicle Allowance	735	577	560	349	349	–	–	–	–
Cellphone Allowance	–	–	–	60	60	–	–	–	–
Housing Allowances	–	–	–	–	–	–	–	–	–
Other benefits and allowances	29	38	25	19	19	–	–	–	–
Payments in lieu of leave	–	–	–	–	–	–	–	–	–
Long service awards	–	–	–	–	–	–	–	–	–
Post-retirement benefit obligations	–	–	–	–	–	–	–	–	–
Sub Total - Senior Managers of Municipality	3 834	3 007	2 895	1 891	1 891	–	4 564	4 792	5 032
% increase		(21.6%)	(3.7%)	(34.7%)	–	(100.0%)	–	5.0%	5.0%
Other Municipal Staff									
Basic Salaries and Wages	(2 793)	21 813	22 701	26 901	26 901	27 361	32 063	34 243	36 570
Pension and UIF Contributions	(170)	3 200	3 624	5 131	5 131	4 814	8 003	8 555	9 145
Medical Aid Contributions	(107)	1 337	1 473	2 395	2 395	2 336	2 516	2 742	2 989
Overtime	–	2 011	2 597	2 480	2 480	2 270	2 105	2 243	2 391
Performance Bonus	–	2 161	1 673	2 107	2 107	1 974	2 723	2 902	3 093
Motor Vehicle Allowance	(735)	(85)	(13)	2 077	2 077	604	2 277	2 427	2 586
Cellphone Allowance	–	21	11	–	–	–	–	–	–
Housing Allowances	–	230	213	275	275	221	258	275	293
Other benefits and allowances	(29)	804	970	–	–	1 496	1 762	1 878	2 002
Payments in lieu of leave	–	252	301	–	–	322	–	–	–
Long service awards	–	85	103	–	–	447	1 443	1 537	1 639
Post-retirement benefit obligations	–	–	–	–	–	–	–	–	–
Sub Total - Other Municipal Staff	(3 834)	31 829	33 653	41 365	41 365	41 845	53 150	56 803	60 708
% increase		(930.2%)	5.7%	22.9%	–	1.2%	27.0%	6.9%	6.9%
TOTAL SALARY, ALLOWANCES & BENEFITS	–	37 304	39 021	46 066	46 066	44 541	60 773	64 808	69 114
% increase		–	4.6%	18.1%	–	(3.3%)	36.4%	6.6%	6.6%
TOTAL MANAGERS AND STAFF	–	34 836	36 548	43 256	43 256	41 845	57 713	61 595	65 740

Table SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum			1.				2.
Councillors							
Speaker	1	479 314		18 840			498 154
Chief Whip							–
Executive Mayor	1	594 395		18 840			613 235
Deputy Executive Mayor	1	479 314		18 840			498 154
Executive Committee	1	450 547		18 840			469 387
Total for all other councillors	5	922 331		58 740			981 071
Total Councillors	9	2 925 901	–	134 100			3 060 001
Senior Managers of the Municipality							
Municipal Manager	1	1 299 941					1 299 941
Chief Finance Officer	1	815 989					815 989
Director: CORPORATE SERVICES	1	815 989					815 989
Director: COMMUNITY SERVICES	1	815 989					815 989
Director: ENGINEERING SERVICES	1	815 989					815 989
							–
Total Senior Managers of the Municipality	5	4 563 897	–	–	–		4 563 897
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	14	7 489 798	–	134 100	–		7 623 898

Table SA24 – Summary of personnel numbers

Summary of Personnel Numbers Number	2010/11			Current Year 2011/12			Budget Year 2012/13		
	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities									
Councillors (Political Office Bearers plus Other Councillors)	12	–	12	14		14	9	–	9
Board Members of municipal entities									
Municipal employees									
Municipal Manager and Senior Managers	9	–	8	14	1	13	5	–	5
Other Managers	19	9	11	27	26	1	13	6	–
Professionals	334	313	21	109	103	6	13	8	–
Finance	4	4	–	4	4		6	4	–
Spatial/town planning	4	3	1	2	2		1	1	–
Information Technology	2	1	1				1	–	
Roads	29	29	–	2	2		–	–	–
Electricity	25	25	–	4	4		1	1	–
Water	27	27	–	3	3		1	1	–
Sanitation	14	14	–	1	1		–	–	–
Refuse	45	45	–	1	1		–	–	–
Other	184	165	19	92	86	6	3	1	
Technicians	2	2	–	39	39	7	61	39	–
Finance				6	6	7	–	–	–
Spatial/town planning							4	1	–
Information Technology	1	1	–	1	1	–	2	–	–
Roads				3	3		19	10	–
Electricity				19	19		14	13	–
Water				6	6		9	7	–
Sanitation							–	–	–
Refuse							1	1	
Other	1	1	–	4	4	–	12	7	–
Clerks (Clerical and administrative)	36	36	–	63	63	–	155	94	–
Service and sales workers	4	4	–	244	244	–	7	4	–
Skilled agricultural and fishery workers	–	–	–			–	–	–	
Craft and related trades	–	–	–			–	–	–	
Plant and Machine Operators	21	21	–	40	40	–	46	27	–
Elementary Occupations	–	–	–			–	122	66	
TOTAL PERSONNEL NUMBERS	437	385	52	550	516	41	431	244	14
%increase				25.9%	34.0%	(21.2%)	(21.6%)	(52.7%)	(65.9%)
Total municipal employees headcount	425	385	40	536	516	20	448	401	47
Finance personnel headcount	24	24	24	33	31	2	47	43	4
Human Resources personnel headcount	4	4	4	5	5		3	2	1

Section 13 - Monthly targets for revenue, expenditure and cash flow

Table SA25 - Budgeted monthly revenue and expenditure

Description R thousand	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue By Source															
Property rates	21 709	22	22	22	22	22	22	22	22	22	22	222	22 152	23 326	24 607
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	5 996	5 849	5 406	5 790	6 222	5 814	2 475	2 801	3 135	3 229	4 048	4 491	55 256	61 334	68 081
Service charges - water revenue	691	762	792	917	977	943	799	1 173	1 138	1 048	1 206	625	11 072	11 659	12 277
Service charges - sanitation revenue	1 013	1 013	1 013	1 013	1 013	1 013	1 013	1 013	1 013	1 013	1 013	1 013	12 155	12 799	13 477
Service charges - refuse revenue	559	559	559	559	559	559	559	559	559	559	559	559	6 710	7 066	7 440
Service charges - other	1	1	1	1	1	1	1	1	1	1	1	(1)	12	13	13
Rental of facilities and equipment	63	63	63	63	63	63	63	63	63	63	63	63	757	797	836
Interest earned - external investments	129	129	129	129	129	129	129	129	129	129	129	129	1 550	1 632	1 712
Interest earned - outstanding debtors	138	138	138	138	138	138	138	138	138	138	138	138	1 650	1 737	1 823
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	124	124	124	124	124	124	124	124	124	124	124	124	1 492	1 571	1 648
Licences and permits	56	56	56	56	56	56	56	56	56	56	56	56	670	705	740
Agency services	94	94	94	94	94	94	94	94	94	94	94	94	1 133	1 193	1 252
Transfers recognised - operational	10 007	(417)	(417)	8 965	(417)	(417)	(417)	5 837	(417)	(417)	(417)	9 583	31 059	26 632	28 770
Other revenue	120	120	120	120	120	120	120	120	120	120	120	120	1 446	1 522	1 597
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and	40 701	8 514	8 101	17 991	9 103	8 661	5 178	12 131	6 177	6 181	7 158	17 217	147 114	151 987	164 273
Expenditure By Type															
Employee related costs	4 511	4 511	4 511	4 511	8 087	4 511	4 511	4 511	4 511	4 511	4 511	4 511	57 713	61 595	65 740
Remuneration of councillors	243	243	243	243	243	243	243	340	255	255	255	255	3 060	3 213	3 374
Debt impairment	524	524	524	524	524	524	524	524	524	524	524	524	6 290	7 149	6 734
Depreciation & asset impairment	1 106	1 106	1 106	1 106	1 106	1 106	1 106	1 106	1 106	1 106	1 106	1 106	13 270	17 098	18 660
Finance charges	53	53	706	53	53	2 883	53	53	778	53	53	3 100	7 887	8 480	9 999
Bulk purchases	2 674	3 589	3 500	3 230	3 464	3 727	3 479	1 447	1 646	1 849	1 906	2 404	32 915	38 181	44 290
Other materials	85	85	85	85	85	85	85	85	85	85	85	85	1 025	1 079	1 132
Contracted services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants	-	-	333	-	-	333	-	-	333	-	-	333	1 330	1 400	1 469
Other expenditure	2 985	2 985	2 985	2 985	2 985	2 985	2 985	2 985	2 985	2 985	2 985	2 985	35 824	33 369	35 153
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure	12 182	13 097	13 993	12 738	16 547	16 397	12 986	11 052	12 224	11 369	11 426	15 305	159 316	171 565	186 551
Surplus/(Deficit)	28 519	(4 583)	(5 891)	5 253	(7 444)	(7 736)	(7 809)	1 079	(6 047)	(5 188)	(4 268)	1 912	(12 202)	(19 578)	(22 278)
Transfers recognised - capital	2 043	2 043	2 043	2 043	2 043	2 043	2 043	2 043	2 043	2 043	2 043	2 043	24 520	24 215	13 334
Contributions recognised - capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	30 562	(2 539)	(3 848)	7 297	(5 401)	(5 693)	(5 765)	3 123	(4 003)	(3 144)	(2 225)	3 956	12 318	4 637	(8 944)
Taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	30 562	(2 539)	(3 848)	7 297	(5 401)	(5 693)	(5 765)	3 123	(4 003)	(3 144)	(2 225)	3 956	12 318	4 637	(8 944)

Table SA26 - Budgeted monthly revenue and expenditure (municipal vote)

Description R thousand	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue by Vote															
Vote 1 - MUNICIPAL MANAGER	14	14	14	14	14	14	14	14	14	14	14	14	165	174	182
Vote 2 - CORPORATE SERVICES	29 315	70	70	6 872	70	70	70	4 605	70	70	70	269	41 618	44 399	47 398
Vote 3 - FINANCE SERVICE	1 110	290	290	1 028	290	290	290	782	290	290	290	290	5 531	5 815	6 245
Vote 4 - ENGINEERS SERVICE	10 306	9 539	9 126	10 256	10 128	9 686	6 202	7 316	7 202	7 206	8 182	8 044	103 198	109 400	106 535
Vote 5 - COMMUNITY SERVICES	1 999	645	645	1 864	645	645	645	1 458	645	645	645	10 645	21 127	16 414	17 252
Total Revenue by Vote	42 744	10 557	10 145	20 035	11 146	10 704	7 221	14 175	8 220	8 224	9 201	19 262	171 694	176 202	177 607
Expenditure by Vote to be appropriated															
Vote 1 - MUNICIPAL MANAGER	490	490	740	490	782	740	490	490	740	490	490	740	7 170	7 603	8 052
Vote 2 - CORPORATE SERVICES	1 154	1 154	1 880	1 154	1 573	4 067	1 154	1 251	1 974	1 166	1 166	4 296	21 999	24 703	27 092
Vote 3 - FINANCE SERVICE	1 334	1 334	1 334	1 334	1 955	1 334	1 334	1 334	1 334	1 334	1 334	1 334	16 628	18 457	19 516
Vote 4 - ENGINEERS SERVICE	6 755	7 670	7 580	7 311	8 805	7 807	7 559	5 528	5 726	5 929	5 987	6 485	83 143	90 052	99 229
Vote 5 - COMMUNITY SERVICES	2 450	2 450	2 450	2 450	3 432	2 450	2 450	2 450	2 450	2 450	2 450	2 450	30 376	30 748	32 662
Total Expenditure by Vote	12 182	13 097	13 983	12 738	16 547	16 397	12 986	11 052	12 224	11 369	11 426	15 305	159 316	171 565	186 551
Surplus/(Deficit) before assoc.	30 562	(2 540)	(3 848)	7 296	(5 401)	(5 693)	(5 765)	3 122	(4 004)	(3 144)	(2 225)	3 958	12 318	4 637	(8 944)
Taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	30 562	(2 540)	(3 848)	7 296	(5 401)	(5 693)	(5 765)	3 122	(4 004)	(3 144)	(2 225)	3 958	12 318	4 637	(8 944)

Table SA27 - Budgeted monthly revenue and expenditure (standard classification)

Description	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue - Standard															
<i>Governance and administration</i>	2 305	131	131	2 087	131	131	131	1 435	131	131	131	40 193	47 063	50 125	53 544
Executive and council	1 110	290	290	1 028	290	290	290	782	290	290	290	35 822	41 063	43 814	46 780
Budget and treasury office	39	39	39	39	39	39	39	39	39	39	39	5 100	5 531	5 815	6 245
Corporate services	1 155	(199)	(199)	1 020	(199)	(199)	(199)	614	(199)	(199)	(199)	(729)	470	495	519
<i>Community and public safety</i>	2 783	2 212	2 212	2 726	2 212	2 212	2 212	2 555	2 212	2 212	2 212	(14 761)	11 000	5 751	6 038
Community and social services	0	0	0	0	0	0	0	0	0	0	0	10 999	11 000	5 750	6 038
Sport and recreation	-	-	-	-	-	-	-	-	-	-	-	1	1	1	1
Public safety	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health	2 783	2 212	2 212	2 726	2 212	2 212	2 212	2 555	2 212	2 212	2 212	(25 761)	-	-	-
<i>Economic and environmental services</i>	11 163	10 397	9 984	11 114	10 985	10 543	7 060	8 174	8 059	8 063	9 040	(76 610)	27 973	27 359	16 634
Planning and development	2 776	2 205	2 205	2 719	2 205	2 205	2 205	2 548	2 205	2 205	2 205	(25 598)	85	90	94
Road transport	-	-	-	-	-	-	-	-	-	-	-	27 888	27 888	27 270	16 540
Environmental protection	8 387	8 191	7 779	8 395	8 780	8 338	4 855	5 627	5 854	5 858	6 835	(78 900)	-	-	-
<i>Trading services</i>	2 393	2 345	2 375	2 608	2 560	2 526	2 382	2 828	2 721	2 631	2 789	57 440	85 597	92 968	101 390
Electricity	812	763	793	1 026	978	944	801	1 246	1 140	1 050	1 207	44 473	55 233	61 310	68 055
Water	1 022	1 022	1 022	1 022	1 022	1 022	1 022	1 022	1 022	1 022	1 022	139	11 385	11 673	12 292
Waste water management	559	559	559	559	559	559	559	559	559	559	559	6 118	12 269	12 919	13 603
Waste management	-	-	-	-	-	-	-	-	-	-	-	6 710	6 710	7 066	7 440
<i>Other</i>	42 744	10 557	10 145	20 035	11 146	10 704	7 221	14 175	8 220	8 224	9 201	(152 371)	-	-	-
Total Revenue - Standard	61 388	25 641	24 846	38 569	27 034	26 116	19 006	29 166	21 343	21 262	23 372	(146 109)	171 634	176 202	177 607
Expenditure - Standard															
<i>Governance and administration</i>	3 607	3 635	3 632	3 624	5 163	3 639	3 632	3 570	3 576	3 582	3 584	2 272	43 515	48 340	52 087
Executive and council	1 334	1 334	1 334	1 334	1 955	1 334	1 334	1 334	1 334	1 334	1 334	4 902	20 196	21 505	23 766
Budget and treasury office	530	530	530	530	858	530	530	530	530	530	530	10 467	16 628	18 457	19 516
Corporate services	1 743	1 771	1 768	1 760	2 350	1 775	1 767	1 705	1 711	1 718	1 719	(13 097)	6 691	8 378	8 805
<i>Community and public safety</i>	2 229	2 257	2 255	2 246	3 117	2 262	2 254	2 192	2 198	2 204	2 206	(3 898)	21 522	21 297	22 802
Community and social services	17	17	17	17	17	17	17	17	17	17	17	19 608	19 794	19 368	20 552
Sport and recreation	125	153	150	142	149	157	150	87	93	100	101	(1 205)	203	217	325
Public safety	-	-	-	-	-	-	-	-	-	-	-	1 525	1 525	1 712	1 925
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health	2 087	2 087	2 087	2 087	2 951	2 087	2 087	2 087	2 087	2 087	2 087	(23 825)	-	-	-
<i>Economic and environmental services</i>	7 435	8 322	8 235	7 974	9 860	8 455	8 215	6 246	6 438	6 635	6 690	(58 591)	25 913	25 377	26 918
Planning and development	1 962	1 962	1 962	1 962	2 733	1 962	1 962	1 962	1 962	1 962	1 962	(20 749)	1 601	1 704	1 814
Road transport	-	-	-	-	-	-	-	-	-	-	-	24 312	24 312	23 673	25 104
Environmental protection	5 473	6 360	6 273	6 012	7 127	6 493	6 253	4 284	4 476	4 673	4 729	(62 154)	-	-	-
<i>Trading services</i>	2 090	2 090	2 340	2 090	2 730	2 340	2 090	2 090	2 340	2 090	2 090	42 983	67 365	75 497	83 640
Electricity	762	762	762	762	1 002	762	762	762	762	762	762	33 022	41 642	47 570	54 282
Water	897	897	897	897	1 178	897	897	897	897	897	897	(770)	9 382	9 868	10 389
Waste water management	431	431	431	431	550	431	431	431	431	431	431	6 188	11 049	12 318	12 945
Waste management	-	-	250	-	-	250	-	-	250	-	-	4 542	5 292	5 741	6 024
<i>Other</i>	12 182	13 097	13 993	12 738	16 547	16 397	12 986	11 052	12 224	11 369	11 426	(143 011)	1 000	1 053	1 105
Total Expenditure - Standard	27 543	29 401	30 455	28 673	37 417	33 093	29 177	25 150	26 775	25 880	25 996	(160 244)	159 316	171 565	186 551
Surplus/(Deficit) before assoc.	33 845	(3 760)	(5 609)	9 897	(10 383)	(6 977)	(10 171)	4 017	(5 432)	(4 618)	(2 624)	14 135	12 318	4 637	(8 944)
Share of surplus/ (deficit) of associate	30 562	(2 540)	(3 848)	7 296	(5 401)	(5 693)	(5 765)	3 122	(4 004)	(3 144)	(2 225)	(8 361)	-	-	-
Surplus/(Deficit)	64 407	(6 300)	(9 457)	17 193	(15 784)	(12 670)	(15 937)	7 139	(9 436)	(7 763)	(4 849)	5 775	12 318	4 637	(8 944)

Table SA28 - Budgeted monthly capital expenditure (municipal vote)

Description R thousand	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<u>Multi-year expenditure to be appropriated</u>															
Vote 1 - MUNICIPAL MANAGER	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - CORPORATE SERVICES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - FINANCE SERVICE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - ENGINEERS SERVICE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - COMMUNITY SERVICES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<u>Single-year expenditure to be appropriated</u>															
Vote 1 - MUNICIPAL MANAGER	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - CORPORATE SERVICES	-	-	1 514	-	486	800	-	-	-	-	-	550	3 350	7 400	1 000
Vote 3 - FINANCE SERVICE	-	-	-	-	100	300	-	-	150	-	-	-	550	-	-
Vote 4 - ENGINEERS SERVICE	6 376	5 669	6 330	7 803	8 197	4 577	3 300	3 551	1 909	1 244	370	1 025	50 350	53 389	24 078
Vote 5 - COMMUNITY SERVICES	9	305	395	195	2 250	757	160	120	-	-	-	280	4 470	10 602	6 140
Capital single-year expenditure sub-total	6 384	5 974	8 238	7 998	11 034	6 433	3 460	3 671	2 059	1 244	370	1 855	58 720	71 391	31 218
Total Capital Expenditure	6 384	5 974	8 238	7 998	11 034	6 433	3 460	3 671	2 059	1 244	370	1 855	58 720	71 391	31 218

Table SA29 - Budgeted monthly capital expenditure (standard classification)

Description R thousand	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Capital Expenditure - Standard															
<i>Governance and administration</i>	–	–	1 514	–	586	1 100	–	–	150	–	–	550	3 900	7 400	1 000
Executive and council	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Budget and treasury office	–	–	–	–	100	300	–	–	150	–	–	–	550	–	–
Corporate services	–	–	1 514	–	486	800	–	–	–	–	–	550	3 350	7 400	1 000
<i>Community and public safety</i>	9	240	90	45	2 150	757	–	30	–	–	–	525	3 845	7 771	5 640
Community and social services	9	240	90	45	1 400	757	–	30	–	–	–	525	3 095	7 651	3 640
Sport and recreation	–	–	–	–	750	–	–	–	–	–	–	–	750	120	2 000
Public safety	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Housing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Health	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>	500	999	1 004	999	2 989	500	500	2 924	1 489	999	100	1 000	14 003	10 531	4 200
Planning and development	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Road transport	500	999	1 004	999	2 989	500	500	2 924	1 489	999	100	1 000	14 003	10 531	4 200
Environmental protection	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<i>Trading services</i>	5 876	4 670	5 451	6 954	5 308	4 077	2 960	717	420	245	270	25	36 972	45 689	20 378
Electricity	1 000	500	1 520	1 100	150	–	130	–	–	–	245	–	4 645	6 680	9 450
Water	25	65	325	220	245	185	130	77	–	–	–	–	1 272	1 750	3 974
Waste water management	4 851	4 105	3 481	5 484	4 813	3 892	2 540	550	420	245	25	25	30 430	34 609	6 454
Waste management	–	–	125	150	100	–	160	90	–	–	–	–	625	2 650	500
<i>Other</i>	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Capital Expenditure - Standard	6 384	5 909	8 058	7 998	11 034	6 433	3 460	3 671	2 059	1 244	370	2 100	58 720	71 391	31 218

Table SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Cash Receipts By Source															
Property rates	1 477	1 477	5 538	1 477	1 477	1 477	1 477	1 477	1 477	1 477	1 477	1 846	22 152	23 326	24 607
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-	-	-	-	-	(825)	(688)
Service charges - electricity revenue	5 822	5 679	5 249	5 621	6 041	5 646	2 403	2 719	3 044	3 135	3 931	4 361	53 652	59 862	66 787
Service charges - water revenue	616	680	707	819	872	842	714	1 047	1 016	936	1 076	558	9 884	10 447	11 185
Service charges - sanitation revenue	813	813	813	813	813	813	813	813	813	813	813	813	9 756	10 290	10 970
Service charges - refuse revenue	468	468	468	468	468	468	468	468	468	468	468	468	5 612	5 935	6 287
Service charges - other	1	1	1	1	1	1	1	1	1	1	1	1	12	13	13
Rental of facilities and equipment	63	63	63	63	63	63	63	63	63	63	63	63	757	797	836
Interest earned - external investments	129	129	129	129	129	129	129	129	129	129	129	129	1 550	1 632	1 712
Interest earned - outstanding debtors	138	138	138	138	138	138	138	138	138	138	138	138	1 650	1 737	1 823
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	124	124	124	124	124	124	124	124	124	124	124	124	1 492	1 571	1 648
Licences and permits	56	56	56	56	56	56	56	56	56	56	56	56	670	705	740
Agency services	94	94	94	94	94	94	94	94	94	94	94	94	1 133	1 193	1 252
Transfer receipts - operational	10 272	-	-	10 272	-	-	-	10 272	-	-	-	-	30 816	26 632	28 770
Other revenue	120	120	120	120	120	120	120	120	120	120	120	120	1 446	1 522	1 597
Cash Receipts by Source	20 193	9 842	13 500	20 195	10 397	9 971	6 600	17 522	7 543	7 554	8 490	8 771	140 580	144 838	157 539
Other Cash Flows by Source															
Transfer receipts - capital	7 588	-	-	7 588	-	-	-	7 588	-	-	-	-	22 764	24 215	13 333
Contributions recognised - capital & Contributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	2 713	2 713	2 713	2 713	2 713	2 713	2 713	2 713	2 713	2 713	2 713	2 713	32 550	41 776	18 884
Increase (decrease) in consumer deposits	6	6	6	6	6	6	6	6	6	6	6	6	76	81	87
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (Increase) other non-current receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (Increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Receipts by Source	30 500	12 561	16 219	30 502	13 116	12 689	9 319	27 828	10 262	10 273	11 209	11 490	195 969	210 910	189 843
Cash Payments by Type															
Employee related costs	4 419	4 419	4 419	4 419	7 921	4 419	4 419	4 419	4 419	4 419	4 419	4 419	56 526	60 302	64 332
Remuneration of councillors	243	243	243	243	243	243	243	340	255	255	255	255	3 060	3 213	3 374
Finance charges	53	53	706	53	53	2 883	53	53	778	53	53	3 100	7 887	8 480	9 999
Bulk purchases - Electricity	2 674	3 589	3 500	3 230	3 464	3 727	3 479	1 447	1 646	1 849	1 906	2 404	32 915	38 181	44 290
Bulk purchases - Water & Sewer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other materials	85	85	85	85	85	85	85	85	85	85	85	85	1 025	1 079	1 132
Contracted services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other municipalities	-	-	333	-	-	333	-	-	333	-	-	333	1 330	1 400	1 469
Transfers and grants - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	2 991	2 991	2 991	2 991	2 991	2 991	2 991	2 991	2 991	2 991	2 991	2 991	35 886	33 435	35 222
Cash Payments by Type	10 464	11 379	12 275	11 020	14 756	14 679	11 269	9 335	10 506	9 651	9 708	13 587	138 629	146 091	159 819
Other Cash Flows/Payments by Type															
Capital assets	6 384	5 909	8 058	7 998	11 034	6 433	3 460	3 671	2 059	1 244	370	2 100	58 720	71 391	31 218
Repayment of borrowing	-	-	180	-	-	778	-	-	200	-	-	838	1 995	2 958	3 799
Other Cash Flow s/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Payments by Type	16 848	17 288	20 513	19 018	25 789	21 891	14 729	13 006	12 764	10 895	10 078	16 525	199 345	220 441	194 835
NET INCREASE/(DECREASE) IN CASH HELD	13 652	(4 727)	(4 294)	11 484	(12 674)	(9 201)	(5 410)	14 823	(2 502)	(622)	1 131	(5 035)	(3 375)	(9 530)	(4 993)
Cash/cash equivalents at the month/year begin:	21 415	35 067	30 339	26 046	37 529	24 856	15 655	10 245	25 067	22 565	21 943	23 074	18 039	18 039	8 509
Cash/cash equivalents at the month/year end:	35 067	30 339	26 046	37 529	24 856	15 655	10 245	25 067	22 565	21 943	23 074	18 039	18 039	8 509	3 517

Section 14 - Contracts having future budgetary implications

In terms of the Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

Section 15 - Capital expenditure details

The following tables present details of the Municipality's capital expenditure programme.

Table SA 34a - Capital expenditure on new assets by asset class

Description R thousand	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Capital expenditure on new assets by Asset Class/Sub-class									
Infrastructure	22 250	28 305	34 402	38 607	38 607	11 362	34 637	41 819	16 978
Infrastructure - Road transport	8 796	6 141	16 106	2 006	2 006	1 594	2 150	6 185	2 730
Roads, Pavements & Bridges	8 796	6 141	16 106	254	254	142	1 000	1 050	1 050
Storm water	-	-	-	1 752	1 752	1 452	1 150	5 135	1 680
Infrastructure - Electricity	13 454	10 533	1 477	5 185	5 185	1 213	2 670	480	5 000
Generation	-	-	-	-	-	-	-	-	-
Transmission & Reticulation	13 454	10 533	1 477	4 535	4 535	763	2 670	480	5 000
Street Lighting	-	-	-	650	650	450	-	-	-
Infrastructure - Water	-	1 674	-	24 741	24 741	8 555	27 437	30 404	7 502
Dams & Reservoirs	-	370	-	-	-	-	850	2 719	3 378
Water purification	-	1 304	-	3 611	3 611	-	102	250	2 800
Reticulation	-	-	-	21 129	21 129	8 555	26 485	27 435	1 324
Infrastructure - Sanitation	-	8 379	6 618	6 265	6 265	-	1 880	4 250	1 246
Reticulation	-	8 379	6 618	-	-	-	200	250	250
Sewerage purification	-	-	-	6 265	6 265	-	1 680	4 000	996
Infrastructure - Other	-	1 579	10 202	410	410	-	500	500	500
Waste Management	-	1 579	10 202	410	410	-	500	500	500
Transportation	-	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Community	191	1 205	11	7 227	7 227	6 495	3 380	7 326	5 640
Parks & gardens	-	-	-	12	12	-	65	1 050	1 050
Sportsfields & stadia	-	-	-	660	660	60	750	120	2 000
Swimming pools	-	-	-	-	-	-	-	-	-
Community halls	99	548	11	23	23	23	200	4 590	1 050
Libraries	92	409	-	-	-	-	100	-	-
Recreational facilities	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-
Clinics	-	-	-	-	-	-	-	-	-
Museums & Art Galleries	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-
Social rental housing	-	248	-	-	-	-	-	-	-
Other	-	-	-	6 532	6 532	6 412	2 265	1 566	1 540
Heritage assets	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Other assets	3 517	3 633	4 686	9 582	9 582	2 517	5 350	12 376	1 500
General vehicles	1 275	2 030	2 445	3 280	3 280	-	1 630	2 150	-
Specialised vehicles	-	-	-	-	-	-	-	2 000	-
Plant & equipment	371	318	199	465	465	210	1 315	7 050	500
Computers - hardware/equipment	299	138	116	500	500	500	100	-	-
Furniture and other office equipment	1 015	914	136	1 073	1 073	757	155	95	-
Abattoirs	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-
Civic Land and Buildings	-	222	1 473	4 264	4 264	1 050	2 150	1 081	1 000
Other Buildings	-	-	-	-	-	-	-	-	-
Other Land	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-
Other	558	12	317	-	-	-	-	-	-
Agricultural assets	-	-	-	-	-	-	-	-	-
List sub-class	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
List sub-class	-	-	-	-	-	-	-	-	-
Intangibles	-	538	66	-	-	-	300	-	-
Computers - software & programming	-	538	66	-	-	-	300	-	-
Other (list sub-class)	-	-	-	-	-	-	-	-	-
Total Capital Expenditure on new assets	25 958	33 682	39 165	55 416	55 416	20 374	43 667	61 521	24 118

Table SA34b - Capital expenditure on the renewal of existing assets by asset class

Description R thousand	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Capital expenditure on renewal of existing assets by Asset Class/Sub-class									
Infrastructure	-	-	-	9 904	9 904	13 749	14 653	8 620	6 000
Infrastructure - Road transport	-	-	-	7 904	7 904	13 749	12 053	4 050	2 150
Roads, Pavements & Bridges	-	-	-	5 904	5 904	5 746	3 460	2 150	2 150
Storm water	-	-	-	2 000	2 000	8 003	8 593	1 900	-
Infrastructure - Electricity	-	-	-	2 000	2 000	-	2 500	4 100	3 850
Generation	-	-	-	-	-	-	-	-	-
Transmission & Reticulation	-	-	-	2 000	2 000	-	2 500	4 100	3 850
Street Lighting	-	-	-	-	-	-	-	-	-
Infrastructure - Water	-	-	-	-	-	-	100	470	-
Dams & Reservoirs	-	-	-	-	-	-	-	-	-
Water purification	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	100	470	-
Infrastructure - Sanitation	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-
Sewerage purification	-	-	-	-	-	-	-	-	-
Infrastructure - Other	-	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Community	-	-	-	-	-	-	-	-	-
Parks & gardens	-	-	-	-	-	-	-	-	-
Sportsfields & stadia	-	-	-	-	-	-	-	-	-
Swimming pools	-	-	-	-	-	-	-	-	-
Community halls	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-
Recreational facilities	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-
Clinics	-	-	-	-	-	-	-	-	-
Museums & Art Galleries	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-
Social rental housing	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	400	1 250	1 100
General vehicles	-	-	-	-	-	-	400	1 000	1 000
Specialised vehicles	-	-	-	-	-	-	-	-	-
Plant & equipment	-	-	-	-	-	-	-	-	-
Computers - hardware/equipment	-	-	-	-	-	-	-	-	-
Furniture and other office equipment	-	-	-	-	-	-	-	250	100
Abattoirs	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-
Civic Land and Buildings	-	-	-	-	-	-	-	-	-
Other Buildings	-	-	-	-	-	-	-	-	-
Other Land	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Agricultural assets	-	-	-	-	-	-	-	-	-
List sub-class	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
List sub-class	-	-	-	-	-	-	-	-	-
Intangibles	-	-	-	-	-	-	-	-	-
Computers - software & programming	-	-	-	-	-	-	-	-	-
Other (list sub-class)	-	-	-	-	-	-	-	-	-
Total Capital Expenditure on renewal of existing	-	-	-	9 904	9 904	13 749	15 053	9 870	7 100

Table SA34c - Repairs and maintenance expenditure by asset class

Description R thousand	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Repairs and maintenance expenditure by Asset Class/Sub-class									
Infrastructure	5 315	5 920	6 510	3 430	3 430	4 010	4 742	4 994	5 238
Infrastructure - Road transport	3 124	3 479	3 887	2 043	2 043	1 938	2 422	2 550	2 675
Roads, Pavements & Bridges	2 700	3 008	3 627	2 043	2 043	1 689	1 842	1 939	2 034
Storm water	423	471	260	-	-	248	580	611	641
Infrastructure - Electricity	1 210	1 347	1 520	1 387	1 387	874	1 280	1 348	1 414
Generation	-	-	-	-	-	-	-	-	-
Transmission & Reticulation	818	911	999	916	916	744	864	909	954
Street Lighting	392	436	522	471	471	130	417	439	460
Infrastructure - Water	525	585	533	-	-	620	530	558	585
Dams & Reservoirs	1	2	34	-	-	87	70	74	77
Water purification	144	161	85	-	-	141	110	116	122
Reticulation	379	423	414	-	-	392	350	369	387
Infrastructure - Sanitation	410	456	539	-	-	552	480	505	530
Reticulation	241	269	365	-	-	338	325	342	359
Sewerage purification	168	188	174	-	-	214	155	163	171
Infrastructure - Other	48	53	30	-	-	27	31	33	34
Waste Management	48	53	30	-	-	27	31	33	34
Transportation	-	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Community	801	893	1 098	205	205	951	1 488	1 567	1 644
Parks & gardens	364	406	466	-	-	548	500	527	552
Sportsfields & stadia	118	131	127	-	-	122	126	133	139
Swimming pools	-	-	-	-	-	-	-	-	-
Community halls	57	63	133	-	-	62	213	224	235
Libraries	45	50	50	-	-	28	150	158	166
Recreational facilities	17	19	17	-	-	64	240	253	265
Fire, safety & emergency	100	111	192	170	170	35	165	174	182
Security and policing	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-
Clinics	-	-	-	-	-	-	-	-	-
Museums & Art Galleries	-	-	-	-	-	-	-	-	-
Cemeteries	101	113	112	-	-	92	94	99	104
Social rental housing	-	-	-	-	-	-	-	-	-
Other	-	-	-	35	35	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Other assets	5 036	5 609	7 256	10 918	10 918	5 132	6 933	6 248	6 554
General vehicles	2 981	3 320	4 732	6 190	6 190	1 832	2 198	2 315	2 428
Specialised vehicles	-	-	-	-	-	248	380	400	420
Plant & equipment	539	601	617	669	669	643	700	738	774
Computers - hardware/equipment	575	640	734	827	827	1 532	969	1 020	1 070
Furniture and other office equipment	181	201	61	259	259	33	125	132	139
Abattoirs	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-
Civic Land and Buildings	305	339	594	-	-	346	830	873	916
Other Buildings	130	145	168	2 973	2 973	88	305	321	337
Other Land	295	329	344	-	-	408	1 411	433	454
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-
Other	30	34	5	-	-	1	15	16	17
Agricultural assets	-	-	-	-	-	-	-	-	-
List sub-class	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
List sub-class	-	-	-	-	-	-	-	-	-
Intangibles	-	-	-	96	96	-	-	-	-
Computers - software & programming	-	-	-	96	96	-	-	-	-
Other (list sub-class)	-	-	-	-	-	-	-	-	-
Total Repairs and Maintenance Expenditure	11 153	12 422	14 864	14 649	14 649	10 094	13 164	12 809	13 436

Table SA34d – Depreciation charges by asset class

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand									
Depreciation by Asset Class/Sub-class									
Infrastructure	4 123	5 808	6 864	8 199	8 199	8 482	10 499	13 224	14 374
Infrastructure - Road transport	1 772	2 747	3 189	2 331	2 331	3 137	2 994	3 564	3 808
Roads, Pavements & Bridges	1 772	2 747	3 189	2 144	2 144	2 569	2 332	2 537	2 697
Storm water	-	-	-	187	187	568	662	1 027	1 111
Infrastructure - Electricity	1 751	1 684	2 160	1 994	1 994	2 046	2 219	2 491	2 933
Generation	-	-	-	-	-	-	-	-	-
Transmission & Reticulation	1 751	1 684	2 160	1 962	1 962	2 019	2 187	2 458	2 901
Street Lighting	-	-	-	32	32	27	32	33	33
Infrastructure - Water	472	533	587	1 563	1 563	913	2 892	4 492	4 867
Dams & Reservoirs	273	279	291	171	171	207	211	351	520
Water purification	194	244	286	337	337	190	337	356	496
Reticulation	5	10	10	1 055	1 055	517	2 344	3 785	3 851
Infrastructure - Sanitation	127	839	844	1 705	1 705	1 679	1 772	2 019	2 081
Reticulation	13	726	731	1 304	1 304	1 572	1 295	1 332	1 345
Sewerage purification	113	113	113	401	401	107	477	687	736
Infrastructure - Other	2	5	84	606	606	706	622	659	684
Waste Management	2	5	84	606	606	706	622	659	684
Transportation	-	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Community	113	467	395	869	869	1 004	1 023	1 409	1 691
Parks & gardens	1	12	12	14	14	16	17	70	123
Sportsfields & stadia	-	48	15	50	50	24	86	94	194
Swimming pools	-	-	-	-	-	-	-	-	-
Community halls	55	185	193	251	251	302	257	492	544
Libraries	1	97	105	128	128	155	131	134	134
Recreational facilities	0	-	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-
Clinics	-	46	0	-	-	-	-	-	-
Museums & Art Galleries	-	-	-	-	-	-	-	-	-
Cemeteries	6	9	9	11	11	13	11	11	11
Social rental housing	50	62	62	90	90	108	89	90	90
Other	-	8	-	325	325	385	432	518	595
Heritage assets	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	125	125	151	123	125	125
Housing development	-	-	-	125	125	151	123	125	125
Other	-	-	-	-	-	-	-	-	-
Other assets	2 701	3 018	1 887	1 323	1 323	1 171	1 585	2 298	2 428
General vehicles	517	1 153	984	428	428	319	521	689	739
Specialised vehicles	-	-	-	-	-	-	-	100	100
Plant & equipment	279	220	251	65	65	63	128	483	508
Computers - hardware/equipment	80	125	135	46	46	56	51	52	52
Furniture and other office equipment	110	181	234	129	129	137	135	155	160
Abattoirs	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-
Civic Land and Buildings	1 484	1 140	83	616	616	550	712	780	830
Other Buildings	-	-	-	-	-	-	-	-	-
Other Land	-	0	0	0	0	0	0	0	0
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-
Other	232	199	201	39	39	47	38	39	39
Agricultural assets	-	-	-	-	-	-	-	-	-
List sub-class	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
List sub-class	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
Intangibles	40	214	213	26	26	32	41	42	42
Computers - software & programming	40	214	213	26	26	32	41	42	42
Other (list sub-class)	-	-	-	-	-	-	-	-	-
Total Depreciation	6 978	9 507	9 360	10 543	10 543	10 839	13 270	17 098	18 660

Table SA35 - Future financial implications of the capital budget

Vote Description R thousand	2012/13 Medium Term Revenue & Expenditure Framework			Forecasts			
	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15	Forecast 2015/16	Forecast 2016/17	Forecast 2017/18	Present value
Capital expenditure							
Vote 1 - MUNICIPAL MANAGER	–	–	–				
Vote 2 - CORPORATE SERVICES	3 350	7 400	1 000				
Vote 3 - FINANCE SERVICE	550	–	–				
Vote 4 - ENGINEERS SERVICE	50 350	53 389	24 078				
Vote 5 - COMMUNITY SERVICES	4 470	10 602	6 140				
Total Capital Expenditure	58 720	71 391	31 218	–	–	–	–
Future operational costs by vote							
Vote 1 - MUNICIPAL MANAGER							
Vote 2 - CORPORATE SERVICES							
Vote 3 - FINANCE SERVICE							
Vote 4 - ENGINEERS SERVICE							
Vote 5 - COMMUNITY SERVICES							
Total future operational costs	–	–	–	–	–	–	–
Future revenue by source							
Property rates							
Property rates - penalties & collection charges							
Service charges - electricity revenue							
Service charges - water revenue							
Service charges - sanitation revenue							
Service charges - refuse revenue							
Service charges - other							
Rental of facilities and equipment							
List other revenues sources if applicable							
List entity summary if applicable							
Total future revenue	–	–	–	–	–	–	–
Net Financial Implications	58 720	71 391	31 218	–	–	–	–

The detail list of capital projects by Municipal vote Table SA36 is attached as Annexure B to this report. The Municipality do not have any projects delayed from previous years therefore table SA37 is not included.

Section 16 - Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.

2. Internship programme

The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department. Of the five interns one has been appointed and so on

3. Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA.

4. Audit Committee

An Audit Committee has been established and is fully functional.

5. Service Delivery and Implementation Plan

The detail SDBIP document is at a draft stage and will be published as soon as possible after approval of the 2012/13 MTREF in May 2012 directly aligned and informed by the 2012/13 MTREF.

6. Annual Report

Annual report is compiled in terms of the MFMA and National Treasury requirements.

7. MFMA Training

The MFMA training module in electronic format is presented at the Municipality's internal centre and training is ongoing.

Section 17 - Other supporting documents

Table SA1 - Supporting detail to budgeted financial performance

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand									
REVENUE ITEMS:									
<u>Property rates</u>									
Total Property Rates	16 042	19 125	25 434	30 463	30 463	28 777	32 665	34 336	36 219
less Revenue Foregone	227	3 682	8 239	10 719	10 719	9 775	10 512	11 070	11 612
Net Property Rates	15 815	15 443	17 195	19 744	19 744	19 002	22 152	23 266	24 607
<u>Service charges - electricity revenue</u>									
Total Service charges - electricity revenue	25 116	28 551	37 120	45 636	45 636	46 348	55 256	61 334	68 081
less Revenue Foregone	1 403								
Net Service charges - electricity revenue	23 713	28 551	37 120	45 636	45 636	46 348	55 256	61 334	68 081
<u>Service charges - water revenue</u>									
Total Service charges - water revenue	8 389	7 232	7 023	7 866	7 866	9 555	11 072	11 659	12 277
less Revenue Foregone	469								
Net Service charges - water revenue	7 920	7 232	7 023	7 866	7 866	9 555	11 072	11 659	12 277
<u>Service charges - sanitation revenue</u>									
Total Service charges - sanitation revenue	8 329	8 420	9 779	8 269	8 269	10 810	12 155	12 799	13 477
less Revenue Foregone	465								
Net Service charges - sanitation revenue	7 863	8 420	9 779	8 269	8 269	10 810	12 155	12 799	13 477
<u>Service charges - refuse revenue</u>									
Total refuse removal revenue	4 709	5 050	5 659	4 770	4 770	6 110	6 710	7 066	7 440
Total landfill revenue	-	-	-	-	-	-	-	-	-
less Revenue Foregone	263	-	-	-	-	-	-	-	-
Net Service charges - refuse revenue	4 446	5 050	5 659	4 770	4 770	6 110	6 710	7 066	7 440
<u>Other Revenue by source</u>									
Building Plans	-	518	480	-	-	364	450	474	497
Development Contribu	-	185	63	-	-	-	247	260	273
Telephone Payroll	-	-	-	-	-	-	200	211	221
Transaction Costs	-	313	330	-	-	268	260	274	287
Rezoning	-	205	141	-	-	121	80	84	88
Hawkers Fees	-	50	50	-	-	52	50	53	55
Valuation Certificat	-	21	37	-	-	40	15	16	17
Recoverable Expenses	-	-	9	-	-	28	15	16	17
Swellendam Cemetary	-	20	3	-	-	11	11	11	12
Commission: Insuranc	-	12	14	-	-	16	10	11	11
Railton Cemetary	-	18	13	-	-	15	15	16	17
Sundry	4 723	312	348	4 857	4 857	137	93	98	103
Total 'Other' Revenue	4 723	1 654	1 487	4 857	4 857	1 052	1 446	1 522	1 597

Table SA1 - Supporting detail to budgeted financial performance (continue)

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand									
EXPENDITURE ITEMS:									
Employee related costs									
Basic Salaries and Wages	20 263	23 994	24 763	28 321	28 321	27 361	36 627	39 035	41 602
Pension and UIF Contributions	4 223	3 317	3 775	4 772	4 772	4 814	8 003	8 555	9 145
Medical Aid Contributions		1 432	1 570	2 454	2 454	2 336	2 516	2 742	2 989
Overtime	1 708	2 011	2 597	2 480	2 480	2 270	2 105	2 243	2 391
Performance Bonus	1 153	2 161	1 673	2 107	2 107	1 974	2 723	2 902	3 093
Motor Vehicle Allowance	1 775	492	547	2 090	2 090	604	2 277	2 427	2 586
Cellphone Allowance	84	21	11						
Housing Allowances	240	230	213	269	269	221	258	275	293
Other benefits and allowances		841	995	763	763	1 496	1 762	1 878	2 002
Payments in lieu of leave	560	252	301			322			
Long service awards		85	103			447	1 443	1 537	1 639
Post-retirement benefit obligations									
<i>sub-total</i>	30 005	34 836	36 548	43 256	43 256	41 845	57 713	61 595	65 740
Less: Employees costs capitalised to PPE									
Total Employee related costs	30 005	34 836	36 548	43 256	43 256	41 845	57 713	61 595	65 740
Contributions recognised - capital									
<i>List contributions by contract</i>									
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Total Contributions recognised - capital	-	-	-	-	-	-	-	-	-
Depreciation & asset impairment									
Depreciation of Property, Plant & Equipment	7 725	9 507	9 360	10 543	10 543	10 839	13 270	17 098	18 660
Lease amortisation	-	-	-	-	-	-	-	-	-
Capital asset impairment	-	-	-	-	-	-	-	-	-
Depreciation resulting from revaluation of PPE	-	-	-	-	-	-	-	-	-
Total Depreciation & asset impairment	7 725	9 507	9 360	10 543	10 543	10 839	13 270	17 098	18 660
Bulk purchases									
Electricity Bulk Purchases	13 091	16 673	22 787	25 422	25 422	26 322	32 915	38 181	44 290
Water Bulk Purchases	579	-	-	383	383	-	-	-	-
Total bulk purchases	13 670	16 673	22 787	25 805	25 805	26 322	32 915	38 181	44 290
Transfers and grants									
Cash transfers and grants	-	300	1 250	1 250	1 250	1 467	1 330	1 400	1 469
Non-cash transfers and grants	-	-	-	-	-	-	-	-	-
Total transfers and grants	-	300	1 250	1 250	1 250	1 467	1 330	1 400	1 469
Contracted services									
0	-	-	-	-	-	-	-	-	-
<i>sub-total</i>	-	-	-	-	-	-	-	-	-
Allocations to organs of state:									
Electricity	-	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total contracted services	-	-	-	-	-	-	-	-	-
Other Expenditure By Type									
Collection costs	-	-	-	-	-	-	480	505	530
Contributions to 'other' provisions	-	-	-	-	-	-	-	-	-
Consultant fees	-	-	-	-	-	-	40	42	44
Audit fees	1 684	1 846	710	2 000	2 000	1 262	1 800	1 895	1 988
General expenses	14 767	-	-	-	-	-	-	-	-
Advertising	-	179	94	-	-	198	185	194	204
Repair & Maintenance	11 153	12 422	14 864	14 649	14 649	10 094	13 164	12 809	13 436
Grant Expenditure not allocated to other lines	-	(1 028)	6 748	-	-	938	7 397	5 936	6 375
Running Cost Vehicle	-	-	-	-	-	547	1 820	1 916	2 010
Telephone	-	1 402	1 120	-	-	978	800	842	884
Valuation Roll Cost	-	108	-	-	-	122	700	737	773
Skills Audit	-	-	-	-	-	-	690	42	44
Agency Fees	-	1 161	664	-	-	586	640	674	707
Insurance	-	246	376	-	-	820	595	627	657
Training	-	362	509	-	-	439	638	672	705
Refuse Bags	-	175	328	-	-	230	520	548	574
Machine Rental	-	810	386	-	-	489	425	447	469
Postage	-	408	441	-	-	416	466	490	515
Subsistence and Traveling	-	550	462	-	-	364	459	483	507
Stationary & Printing	-	376	479	-	-	373	432	455	477
Bank charges	-	312	395	-	-	378	390	411	431
Legal Fees	-	254	1 077	-	-	662	300	316	331
Blue drop	-	-	-	-	-	-	310	326	342
Security	-	-	-	-	-	274	300	316	331
New Connections	-	322	351	-	-	83	226	237	249
Security Deposits	-	-	-	-	-	215	210	221	232
Other	-	2 973	4 150	20 764	20 764	1 304	2 839	2 226	2 335
Total 'Other' Expenditure	27 604	22 877	33 156	37 413	37 413	20 771	35 824	33 369	35 153
Repairs and Maintenance									

Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

Description	Vote 1 - MUNICIPAL MANAGER	Vote 2 - CORPORATE SERVICES	Vote 3 - FINANCE SERVICE	Vote 4 - ENGINEERS SERVICE	Vote 5 - COMMUNITY SERVICES	Total
R thousand						
Revenue By Source						
Property rates	-	22 152	-	-	-	22 152
Property rates - penalties & collection charges	-	-	-	-	-	-
Service charges - electricity revenue	-	-	-	55 256	-	55 256
Service charges - water revenue	-	-	-	11 072	-	11 072
Service charges - sanitation revenue	-	-	-	12 155	-	12 155
Service charges - refuse revenue	-	-	-	-	6 710	6 710
Service charges - other	-	-	-	-	12	12
Rental of facilities and equipment	165	12	-	-	580	757
Interest earned - external investments	-	-	1 550	-	-	1 550
Interest earned - outstanding debtors	-	-	1 650	-	-	1 650
Dividends received	-	-	-	-	-	-
Fines	-	20	-	-	1 472	1 492
Licences and permits	-	-	1	-	669	670
Agency services	-	-	-	(67)	1 200	1 133
Other revenue	-	537	280	325	303	1 446
Transfers recognised - operational	-	18 897	2 050	1 727	8 385	31 059
Gains on disposal of PPE	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	165	41 618	5 531	80 468	19 332	147 114
Expenditure By Type						
Employee related costs	4 403	7 097	9 747	20 349	16 117	57 713
Remuneration of councillors	-	3 060	-	-	-	3 060
Debt impairment	-	-	-	5 192	1 098	6 290
Depreciation & asset impairment	75	515	504	10 503	1 673	13 270
Finance charges	-	7 887	-	-	-	7 887
Bulk purchases	-	-	-	32 915	-	32 915
Other materials	5	-	1	945	74	1 025
Contracted services	-	-	-	-	-	-
Transfers and grants	1 000	330	-	-	-	1 330
Other expenditure	1 687	3 109	6 377	13 238	11 413	35 824
Loss on disposal of PPE	-	-	-	-	-	-
Total Expenditure	7 170	21 999	16 628	83 143	30 376	159 316
Surplus/(Deficit)	(7 005)	19 619	(11 097)	(2 674)	(11 045)	(12 202)
Transfers recognised - capital	-	-	-	22 725	1 795	24 520
Contributions recognised - capital	-	-	-	-	-	-
Contributed assets	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(7 005)	19 619	(11 097)	20 051	(9 250)	12 318

Table SA3 – Supporting detail to Statement of Financial Position

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand									
ASSETS									
Call investment deposits									
Call deposits < 90 days	20 190	35 886	13 579	–	–	20 985	17 677	8 337	3 444
Other current investments > 90 days	–	–	–	–	–	–	–	–	–
Total Call investment deposits	20 190	35 886	13 579	–	–	20 985	17 677	8 337	3 444
Consumer debtors									
Consumer debtors	24 959	37 293	46 097	29 609	29 609	53 202	59 493	66 642	73 376
Less: Provision for debt impairment	(20 367)	(31 067)	(37 903)	(13 271)	(13 271)	(45 008)	(51 299)	(58 448)	(65 182)
Total Consumer debtors	4 592	6 226	8 194	16 338	16 338	8 194	8 194	8 194	8 194
Debt impairment provision									
Balance at the beginning of the year	(14 825)	(28 513)	(31 067)	(13 271)	(13 271)	(37 903)	(45 008)	(51 299)	(58 448)
Contributions to the provision	(5 542)	(2 555)	(6 836)	–	–	(7 105)	(6 290)	(7 149)	(6 734)
Bad debts written off	–	–	–	–	–	–	–	–	–
Balance at end of year	(20 367)	(31 067)	(37 903)	(13 271)	(13 271)	(45 008)	(51 299)	(58 448)	(65 182)
Property, plant and equipment (PPE)									
PPE at cost/valuation (excl. finance leases)	151 120	186 039	225 138	310 653	310 653	259 261	317 681	389 072	420 290
Leases recognised as PPE	4 239	4 239	4 239	4 239	4 239	4 239	4 239	4 239	4 239
Less: Accumulated depreciation	65 103	76 828	85 975	93 489	93 489	96 631	109 738	126 669	145 161
Total Property, plant and equipment (PPE)	90 256	113 450	143 403	221 403	221 403	166 869	212 182	266 643	279 368
LIABILITIES									
Current liabilities - Borrowing									
Short term loans (other than bank overdraft)	–	–	–	–	–	–	–	–	–
Current portion of long-term liabilities	1 732	1 277	1 481	6 120	6 120	1 995	2 958	3 799	4 878
Total Current liabilities - Borrowing	1 732	1 277	1 481	6 120	6 120	1 995	2 958	3 799	4 878
Trade and other payables									
Trade and other creditors	9 566	16 057	12 510	14 190	14 190	12 510	12 510	12 510	12 510
Unspent conditional transfers	7 282	40 238	11 186	2 528	2 528	2 000	0	0	0
VAT	3 658	–	–	3 763	3 763	–	–	–	–
Total Trade and other payables	20 506	56 294	23 696	20 480	20 480	14 510	12 510	12 510	12 510
Non current liabilities - Borrowing									
Borrowing	17 343	16 065	37 204	54 649	54 649	42 290	71 881	109 859	123 865
Finance leases (including PPP asset element)	276	276	43	–	–	43	43	43	43
Total Non current liabilities - Borrowing	17 619	16 342	37 248	54 649	54 649	42 333	71 925	109 902	123 908
Provisions - non-current									
Retirement benefits	6 675	6 448	6 916	7 478	7 478	6 894	6 902	6 933	6 992
List other major provision items	–	–	–	–	–	–	–	–	–
Refuse landfill site rehabilitation	–	–	–	–	–	–	–	–	–
Other	–	888	1 639	–	–	1 836	3 016	4 278	5 627
Total Provisions - non-current	6 675	7 336	8 556	7 478	7 478	8 730	9 918	11 211	12 619
CHANGES IN NET ASSETS									
Accumulated Surplus/(Deficit)									
Accumulated Surplus/(Deficit) - opening balance	43 455	75 970	78 664	129 924	129 924	103 933	136 419	148 737	153 374
GRAP adjustments	–	–	–	–	–	–	–	–	–
Restated balance	43 455	75 970	78 664	129 924	129 924	103 933	136 419	148 737	153 374
Surplus/(Deficit)	6 540	5 168	24 131	11 822	11 822	32 486	12 318	4 637	(8 944)
Appropriations to Reserves	(3 690)	–	–	–	–	(1 782)	(650)	(6 450)	(50)
Transfers from Reserves	3 168	7 207	–	–	–	1 782	650	6 450	50
Depreciation offsets	–	–	–	–	–	–	–	–	–
Other adjustments	19 439	(8 418)	1 138	–	–	–	–	–	–
Accumulated Surplus/(Deficit)	68 912	79 927	103 933	141 746	141 746	136 419	148 737	153 374	144 429
Reserves									
Housing Development Fund	3 866	3 930	4 015	3 945	3 945	4 015	4 015	4 015	4 015
Capital replacement	7 286	–	–	–	–	–	–	–	–
Self-insurance	–	–	–	–	–	–	–	–	–
Other reserves	–	–	–	–	–	–	–	–	–
Revaluation	–	–	–	–	–	–	–	–	–
Total Reserves	11 152	3 930	4 015	3 945	3 945	4 015	4 015	4 015	4 015
TOTAL COMMUNITY WEALTH/EQUITY	80 064	83 856	107 947	145 691	145 691	140 433	152 751	157 389	148 444

SA32 – List of external mechanisms

The Municipality have none therefore the table is not included

Section 18 - Municipal manager's quality certificate

I Nico Nel, Municipal Manager of Swellendam Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name _____

Municipal Manager of Swellendam Municipality (WC034)

Signature _____

Date _____